2014

Golden Spread Electric Cooperative, Inc.
ANNUAL REPORT

STRENGTHENING OUR STRUCTURE




In 2012, Golden Spread Electric Cooperative, Inc. began to focus intently on the results we wanted to achieve by 2020. Plans were developed and set in motion. Much like building a skyscraper, the long-term stability of the organization depends on careful attention to the foundation. So in 2013, we set firmly in place a number of foundational elements, including expansion of the generation fleet to meet Members' needs and alignment of current and new staff members with the corporate work ahead.

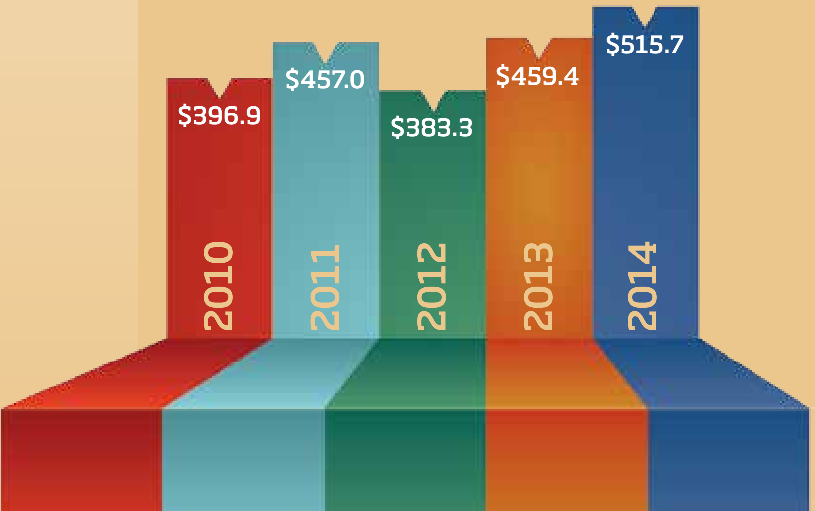
With that foundation set in 2014, we began to assemble an architectural framework to **strengthen our structure** based on our bold vision to bring competitive energy solutions for our Members. We are energized to see our efforts take shape and gain strength. These are exciting times as we redefine our company and move to a secure energy future.

KEY DATA

	2014	2013
CONDENSED FINANCIAL DATA		
Operating Revenues	**$ 515,652,789**	$ 459,448,002
Operating Expenses	**$ 445,783,195**	$ 398,855,700
Operating Margins before Fixed Charges	**$ 69,869,594**	$ 60,592,302
Fixed Charges before AFUDC	**$ 26,972,189**	$ 25,399,039
AFUDC on Borrowed Funds	**$ 640,981**	$ 953,025
Nonoperating Margins	**$ (11,592,985)**	$ 138,246
Net Margins	**$ 31,945,401**	$ 36,284,534
Total Assets	**$ 1,076,687,710**	$ 1,034,184,025
Long-Term Debt	**$ 559,870,327**	$ 574,385,964
Patronage Capital and Contributed Capital	**$ 395,913,869**	$ 371,468,468
FINANCIAL RATIOS		
Total Equity/Total Assets (%)	**36.77**	35.92
Days Cash on Hand	**114**	157
Debt Service Coverage Ratio	**2.46**	2.41
Debt/Funds Available for Debt Service	**5.62**	6.28
Total Equity/Total Capitalization (%)	**39.32**	37.81
Net Plant/Net Debt	**1.54**	1.47
OPERATING STATISTICS		
Average Rate to Members ($/MWh)	**$ 66.98**	$ 61.77
Energy Sales to Members (MWh)	**6,928,717**	7,024,404
Energy Sales to Nonmembers (MWh)	**877,076**	396,538
Total Energy Sales (MWh)	**7,805,793**	7,420,942
Member Peak Demand (MW)	**1,538**	1,501
Member System Load Factor (%)	**51.43**	53.42
Energy Generated (MWh)	**3,008,848**	2,460,478
Energy Purchased (MWh)	**4,981,174**	5,113,921

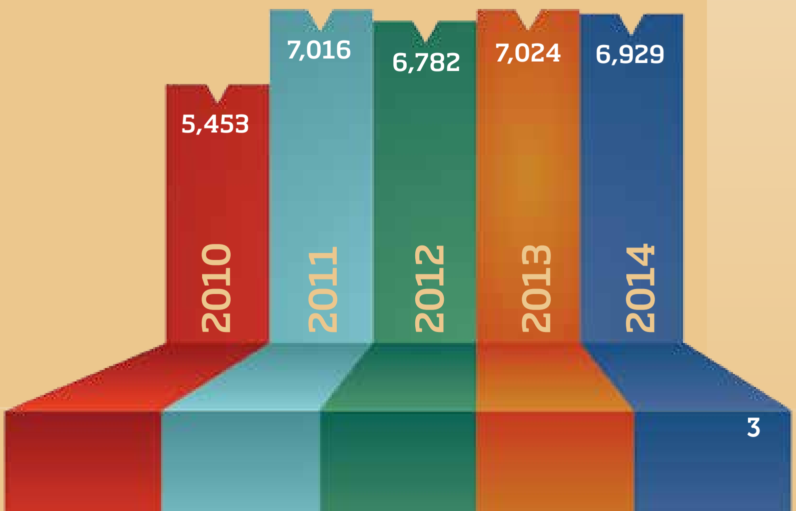
OPERATING REVENUES
(in Millions of Dollars)

Variations in operating revenues are due to volume of kWh sales, fuel prices and operating expenses.



SALES TO MEMBERS
(in Millions of Kilowatt Hours)

Other than fluctuations caused by weather conditions, Member sales have shown steady growth.



MISSION

Delivering COST EFFECTIVE, COMPETITIVE and RELIABLE POWER to provide a secure energy future for generations to come by:

- Creating opportunities
- Cultivating cooperation
- Navigating industry risk

VISION

TRUSTED, INNOVATIVE and FLEXIBLE, we deliver competitive energy solutions

VALUES

INTEGRITY: Do the right thing for the right reason

COOPERATION/SERVICE: Collective service that is greater than individual efforts

RESPECT: The Golden Rule

From left, Golden Spread Chairman of the Board Stan McClendon and President Mark Schwirtz outside the Golden Spread headquarters in downtown Amarillo.

Letter from the President and the Chairman of the Board

Golden Spread Electric Cooperative, Inc., continues to experience growth as it moves from a utility purchasing most of its wholesale power supply to a utility owning and operating most of the assets needed to serve its distribution cooperative Members. In 2012, Golden Spread and its Members set a goal for 2020. The 2020 goal is to achieve the lowest optimal rates for its Members by replacing expiring power purchase contracts with the right blend of resources to cost-effectively serve its Members and meet the regulatory challenges of this era, while continuing purchases and market activities that support our mission.

Plans to achieve the 2020 goal were developed and set in motion in 2012. Much like building a skyscraper, the long-term stability of the organization depends on careful attention to the foundation. So, in 2013 foundational elements were set firmly in place, including aligning staff with the work ahead and plans for expanding resources to meet Members' needs.

With that foundation set, we began in 2014 the architectural framework needed to achieve our goal for 2020. Our design focuses on optimizing market operations by:

- **Developing a flexible resource mix that can react to our changing environment**
- **Effectively using the abundant natural resources of our region**
- **Leveraging a high-performing, trained staff that maximizes the value of those resources**

We are energized by our accomplishments over the past three years. This is a pivotal time for Golden Spread. We continue in a period when critical decisions and investments need to ensure that our systems and services continue to meet Member expectations, especially for reliability, energy solutions and rate predictability in a rapidly changing environment. As part of our foundational efforts, we adopted a **NEW VISION** for Golden Spread that reflects our 2020 goal: **Trusted, Innovative and Flexible, We Deliver Competitive Energy Solutions.**

This is a pivotal time for Golden Spread. We are entering a period when critical decisions and investments need to ensure that our systems and services continue to meet Member expectations.

OUR MISSION SUPPORTS THIS VISION: Delivering Cost Effective, Competitive and Reliable Power to Provide a Secure Energy Future for Generations to Come

To ensure that we have clear direction and are doing the most important tasks to meet our goals, we developed a three-year strategic plan in 2014.

The Vision and Mission are the foundation of the 2015-2017 strategic plan. The plan is a blueprint that provides guidance for decision-making and sets priorities to help realize the Vision. It is the result of a process that involved the Golden Spread Board and the entire staff. We believe it is fair to say this is the most comprehensive strategic plan developed in the history of Golden Spread. We appreciate the contributions of so many to its development.

The KEY STRATEGIC OBJECTIVES of the plan are

- **Lowest optimal rates**
- **Member focus and value-added services**
- **Innovative technology**
- **Navigate industry risk**
- **High performance culture**

Staff identified initiatives to achieve these strategic goals and prioritized the initiatives that need to be completed in 2015. These strategic goals, along with the foundational projects needed to provide the base for future success, guide the activities of each department.

Golden Spread's generation fleet and power purchases are key infrastructure components of our power supply design and crucial to our rate strategy. In 2014, we initiated construction of a nominal 190 MW combustion turbine at our Antelope Elk Energy Center (AEEC) and supported the construction of a transmission line from AEEC to the Electric Reliability Council of Texas (ERCOT) grid. This line will allow Golden Spread to use several key AEEC facilities to meet the needs of its Members in ERCOT and Southwest Power Pool (SPP). This brings to completion a critical first phase of a plan to offer Golden Spread generation

into both power grids. Golden Spread further expanded its power supply with purchases under a second major wind power purchase contract, this one from the Seiling II facility in Oklahoma, to diversify Golden Spread's power supply portfolio.

Our staff is key to the success of our Vision, providing the support and day-to-day action needed to effectively execute our power supply plan. Golden Spread filled 16 new positions in 2014 with employees from within and outside the organization. Our strategy to sustain a high performance culture is a critical foundational element for Golden Spread. Our staff provides us the focus needed to turn our goals for 2020 and beyond into reality.

In 2014, a Board Committee was established to address risk management, a key complement to the strategic plan. This committee will help track the mitigation of risks associated with the strategic plan, as well as risks inherent in utility operation.

Golden Spread also effectively used the new SPP Day-Ahead Market implemented in March 2014 to help manage rates. These activities brought significant benefits to Golden Spread's Members.

Reflecting on 2014, it is clear that we are well on our way to realizing a 2020 goal to meet the needs of our Members in our ever-changing business. We are building an innovative structure on a firm foundation, strengthened by a clear Vision and Mission. What guides us on our journey is the committed and cooperative spirit of our Members.

In a world that constantly challenges us to be creative and innovative, our mission remains constant. We exist to provide a secure energy future for our Members and their Member-Consumers, now and for generations to come. Golden Spread's challenge is to meet that steady goal against a background of continually changing conditions.

Mark W. Schwirtz **Stan McClendon**

STRATEGIC PLAN

GOLDEN SPREAD ELECTRIC COOPERATIVE, INC. VISION:
Trusted, innovative and flexible, we

The strategic plan serves as a roadmap with signposts guiding us along the path to success. It also describes how the work of all departments aligns to achieve the objectives.

Golden Spread Electric Cooperative, Inc. needs to ensure its systems and services continue to meet Member expectations, especially for reliability, smarter technologies and rate predictability. To reflect this, we adapted our Vision to focus on competitive energy solutions. To meet this Vision, we identified five key strategic objectives to provide increased focus on the capabilities we believe are necessary to ensure future success.

The strategic plan provides guidance for decision-making. It is the result of a process that involved Golden Spread staff throughout the organization.

The Golden Spread Executive Management Team is comprised of, from left, Scott Gross, CPA, Interim Vice President, Finance and Accounting, and Interim CFO; Jolly Hayden, Vice President, Operations, and COO; Margaret "Peg" Rupert, Vice President, Information Technology, and CIO; Michael Wise, Senior Vice President, Commercial Operations and Transmission; Mark Schwirtz, President and General Manager; Stephen Cross, PE, Vice President, Engineering and Project Management; Mary Hekman, Esq., Assistant Secretary, General Counsel and Vice President, Legal, Risk and Compliance; John Eichelmann, Vice President, Member Services; and Michelle Fishback, Vice President, Human Resources.

GOLDEN SPREAD STRATEGIC OBJECTIVES

1 ENSURING LOWEST OPTIMAL RATES

At Golden Spread our focus is to build a sustainable business for the long term. Planning and achieving the benefits of our physical assets to hedge against the financial energy market allows us to take advantage of the low-cost energy provided by the integrated marketplace. Golden Spread's region is characterized by an abundance of wind and solar potential. Combined strategically with supplemental power purchase agreements, Golden Spread can optimize these resources to lower rates to Members. The Optimal Rate strategic objective enables focus on competitive rates by creating a holistic plan that balances market opportunities with the need for "iron on the ground" generation capabilities.

2 ENHANCING MEMBER FOCUS AND VALUE-ADDED SERVICES

At its core, Golden Spread is a service company providing services to our 16 Member distribution cooperatives. Plain and simple, Golden Spread exists to serve its Members. In addition to providing for our Members' energy and capacity needs, our growth brings a newfound ability to provide additional value-added services to our Members. The goal is to reduce the overall costs for the Member-Consumer by providing synergistic and complementary services, which enable our Members to realize operational benefits. Golden Spread, with its Members, will identify, develop, roll out and refine service offerings for the Members.

3 EVALUATING NEW TECHNOLOGIES FOR COMPETITIVE ADVANTAGE

As technology advances and newer technologies reach economic parity with fossil fuel-fired plants, opportunities are created to lower costs for our Members. In addition, new information systems, cloud computing, distributed generation, energy efficient products and the proliferation of smart technologies are giving consumers control over their own energy production and consumption like never before. In order to thrive in this new world, Golden Spread must proactively evaluate and adapt to leading edge technology trends and capitalize on the winners to ensure we create sustainable competitive advantages. We have set up a team to focus on the new developments so we can understand and integrate the new technology into the service we provide our Members.

4 NAVIGATING INDUSTRY RISK

It's an exciting time in the electric utility industry. New business models are shaking the very foundations of our industry, competition is heating up in arenas traditionally served by only one energy provider, and new regulations that fundamentally alter utility operations are becoming commonplace. With all the excitement comes risk. Golden Spread must effectively navigate the risk to successfully chart its course forward. As part of this effort, Golden Spread has focused on its internal processes, established a new Board risk management committee and formalized the tools and processes used to manage change and risk to ensure our future success.

5 SUSTAINING A HIGH PERFORMANCE CULTURE

Finally, in order to successfully achieve all of the aforementioned objectives, it is essential that Golden Spread cultivate and care for its most valuable resource: its people. Providing a culture and work environment that promotes our core values and commitment to our Members is critical to our success. A key cultural component is to promote a cost-conscience culture that supports the focus on achieving the most value for our Members and their assets.

Generation and power purchases

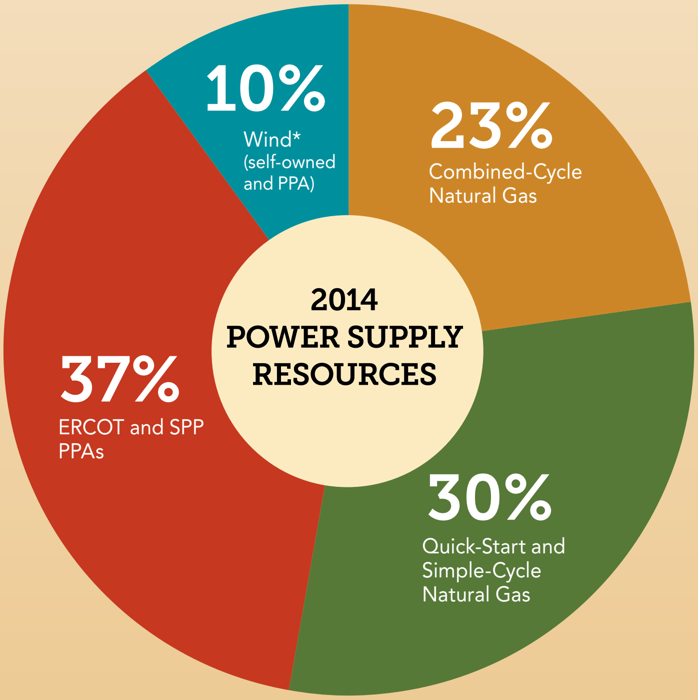
In 2013, the Golden Spread Electric Cooperative, Inc. Board approved construction of two gas turbines in order to meet Members' needs and to replace expiring power purchase contracts. In December 2014, the Golden Spread Board approved a revised plan to bring additional flexibility and better utilization of the plant capacity and to lower construction and capital expenses associated with the previous plan. The increased flexibility is achieved by a) adding grid switching capability to the interconnection facilities for one of the new turbines, b) using the grid switching capability of Antelope Elk Energy Center to reduce excess capacity in both the Electric Reliability Council of Texas and Southwest Power Pool regions, and c) achieving significant construction cost savings by utilizing the construction crew already in place for Elk Station Unit 1. We continue to work on ways to improve this plan to benefit our Members.

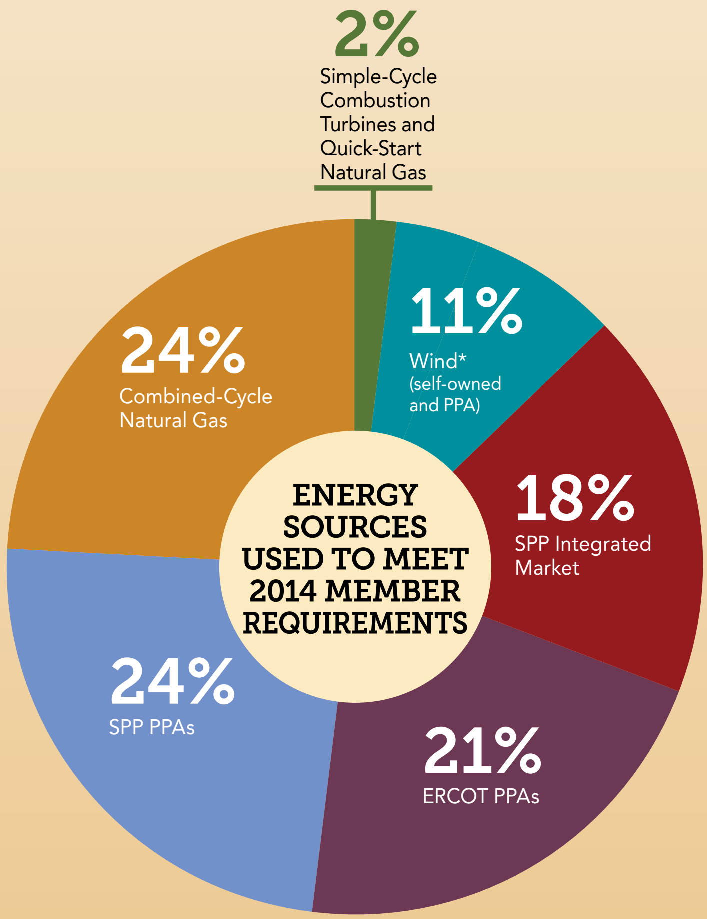
On December 1, 2014, Golden Spread began to accept the output of Seiling II, a new wind project, as this facility achieved its commercial operations milestone. Seiling II is located in northwest Oklahoma near the town of Seiling. The 100.3 MW of wind nameplate capacity is under contract with a fixed price for the next 20 years. The renewable energy credits and attributes have value in the marketplace. Currently, Golden Spread sells these credits to other utilities at negotiated prices. This power purchase contract acts as a hedge against high market prices and potential future renewable energy requirements and provides substantial value to Golden Spread Members.

The Golden Spread Members' service territory has abundant natural resources in the form of potential wind and sun energy, both of which are useful for generating electricity. Golden Spread is poised to take advantage of these resources. Currently, we either own or have under contract approximately 278 MW of nameplate capacity of wind turbines. We also are evaluating several solar energy proposals that would take advantage of the many days of brilliant sunshine in the region. The price of the energy coming from large utility-grade solar projects continues to drop as the technology improves.

Current Resource Operations

Golden Spread's mission is to deliver cost effective, competitive and reliable power. That power supply comes from our own natural gas generation facilities, wind energy and power purchased from other sources. In addition, we are evaluating several solar energy proposals.





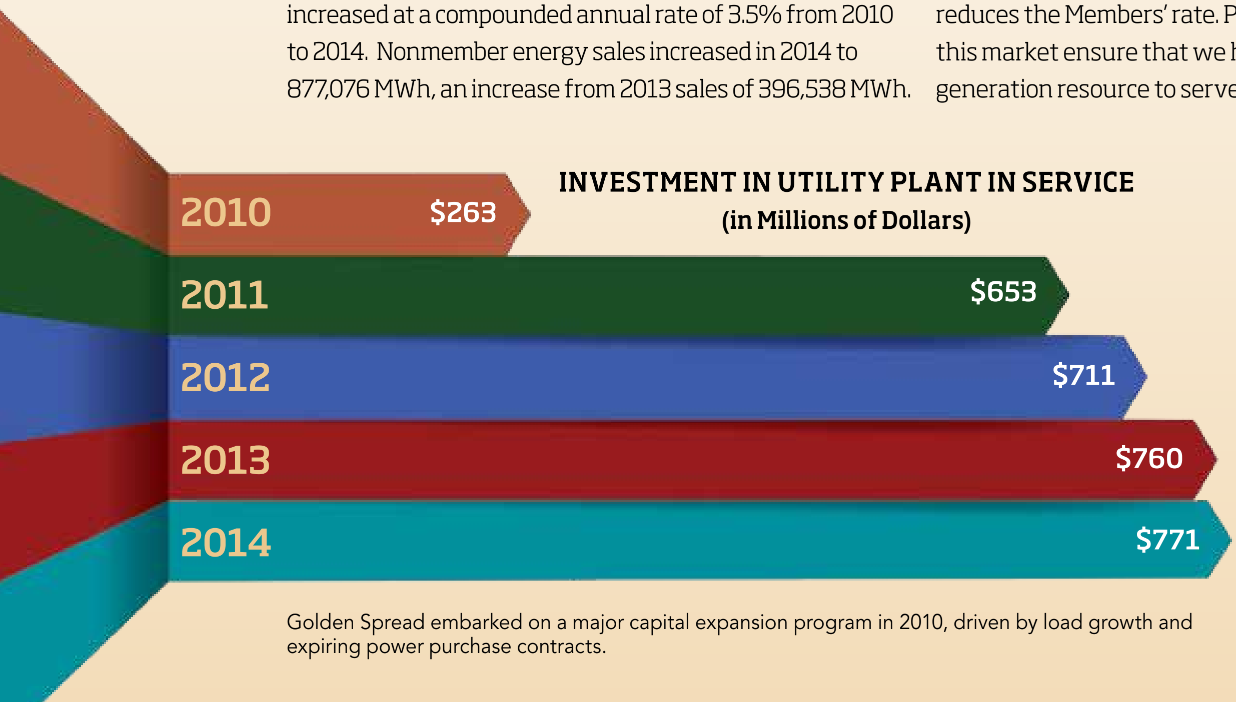
* Golden Spread sold all of the environmental attributes associated with wind to third parties in the form of renewable energy credits.

Peak demand and energy sales

Golden Spread's peak demand increased slightly in 2014 to 1,538 MW as compared to the 2013 total of 1,501 MW – an increase of 2.5%. Energy sales to Members slightly decreased by 1.4% in 2014 (6,928,717 MWh) as compared to energy sales to Members in 2013 (7,024,404 MWh). Over the time period of 2010-2014, energy sales to Members increased at a compounded growth rate of 6.2% annually, with a peak demand growth of 2.9% for the same period.

Total energy sales, which include nonmember energy sales, increased at a compounded annual rate of 3.5% from 2010 to 2014. Nonmember energy sales increased in 2014 to 877,076 MWh, an increase from 2013 sales of 396,538 MWh.

The increase of nonmember sales (as compared to 2013 and prior years) mainly is due to sales in the Southwest Power Pool (SPP) Integrated Marketplace that began on March 1, 2014. The new SPP Integrated Marketplace allows us to utilize market purchases to reduce Members' rates when market prices are less than our incremental production cost. At the same time, we are able to take advantage of the market to sell our power to the open market when prices are above our incremental production cost, thus making a margin on those sales which in turn reduces the Members' rate. Power sales and purchases in this market ensure that we have achieved the lowest cost generation resource to serve our Members' loads.



Golden Spread embarked on a major capital expansion program in 2010, driven by load growth and expiring power purchase contracts.

Operating expenses

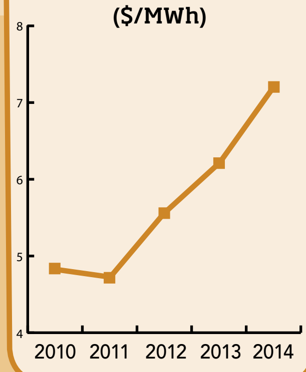
In 2014, operating costs increased as compared to 2013. The increase in cost is attributed primarily to higher fuel and purchased power cost and higher transmission costs due to additional transmission facilities in both the Electric Reliability Council of Texas (ERCOT) and the Southwest Power Pool (SPP). These increases impacted the 2014 average rate to Members. In 2014, average rate to Members was $66.98 per MWh, an increase from $61.77 per MWh in 2013.

Patronage capital distributions

Golden Spread's Board of Directors has authorized payment of patronage capital distributions to Members for 15 straight years. In February 2014, distributions of $7.5 million were authorized and paid. In March 2015, $8.0 million in distributions were authorized and paid. The Board currently is authorizing patronage capital distributions of approximately 2% of end-of-year equity balances. From 2001 through February 2015, more than $79.3 million in patronage capital distributions were paid.

PATRONAGE AND CONTRIBUTED CAPITAL DISTRIBUTIONS
(in Millions of Dollars)

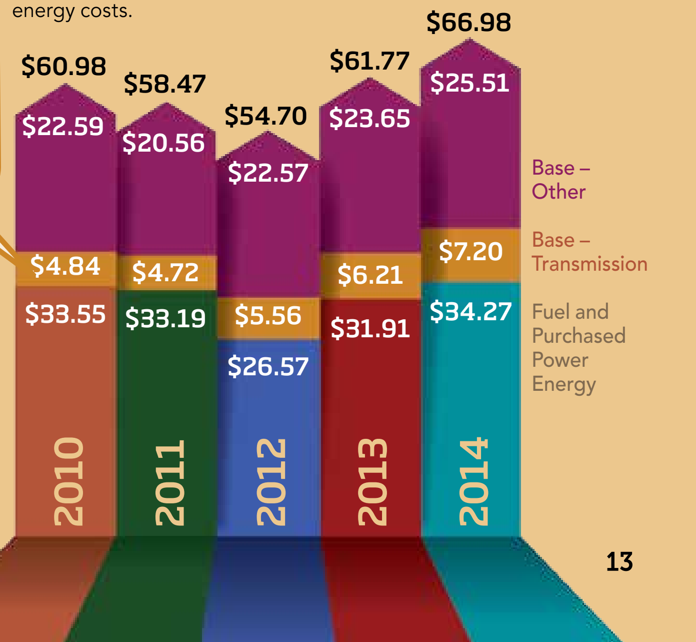
Golden Spread's Board of Directors has authorized payment of patronage capital distributions to Members for 15 straight years.



Golden Spread takes transmission service under regional Open Access Transmission Tariffs and works with regional entities to control costs.

AVERAGE RATE TO MEMBERS
(in Dollars per Megawatt Hour)

Average rate to Members fluctuates with changes in fixed costs, sales volume and fuel and purchased power energy costs.



Staff growth and development

The ability of Golden Spread Electric Cooperative, Inc. to navigate industry risk, manage its assets and provide energy solutions to its Members depends on our most important resource: our people.

Golden Spread is focused on attracting and developing high-performing staff that can deliver quality products and services to our Members while dealing with a dynamic industry. Golden Spread's strategy and strong collaborative culture enables us to attract new employees from across the nation, while continuing to focus on retaining the top industry talent we have in place. Golden Spread filled 16 new positions in 2014 with employees from within and outside the organization.

Golden Spread's organizational structure is a vital part of strengthening our structure and our future. In 2014, we added the position of Chief Operating Officer to our organization. This position will allow a more concentrated focus on internal infrastructure while increasing our focus on the needs of our Members.

As Golden Spread's staff grows, so does our ability to maximize our resources, especially in terms of asset value. Significant work was done in 2014 to identify the root cause and resolution of outage events at our generating facilities and to resolve these issues efficiently while increasing future reliability. Golden Spread staff, working with the

Golden Spread operates within a dynamic industry. Our growing staff allows us to successfully navigate industry risk, manage our assets and provide competitive energy solutions to our Members.

plant operations team, identified and implemented upgrades that will significantly increase the overall efficiency and reliability of its generation facilities well into the future.

Other significant changes and upgrades in 2014 included the rewind of the steam turbine generator rotor at Mustang Station and controls upgrades to the gas turbines, steam turbine and balance of plant systems. At Antelope Station, which continues to exceed expectations with high start reliability and availability, further improvements were made with upgrades and modifications installed during the facility's extended warranty period.

As discussed in other areas of this report, our development of processes to track industry changes and identify action plans also is made possible with additional staff. These processes improve Golden Spread's ability to comply with industry requirements and be proactive in addressing industry changes.

In the next few years, Golden Spread will continue to grow in its capabilities. New activities include participating for the first time as a generator in the Electric Reliability Council of Texas market. A highly motivated and skilled staff capable of adapting and implementing changes assures Golden Spread's success in this and other endeavors.


Growing our professional staff allows Golden Spread to capture the most value for our Members and their assets.

Risk management

The Board established a Risk Management Committee in 2014 to formalize Golden Spread's approach to risk management across the cooperative. Golden Spread has managed risks very effectively from its inception, and as the cooperative adds staff and expands its power plant and market operations it is necessary to implement more formal risk management programs. The committee will implement governance procedures and recommend policies. Initial risk management programs, such as a company-wide Project Delivery Model, will also be launched in the upcoming year.

GOLDEN SPREAD BOARD OF DIRECTORS

Stan McClendon - CHAIRMAN
William "Buff" Whitten - VICE CHAIRMAN
Bill Harbin- SECRETARY/TREASURER

BAILEY COUNTY ELECTRIC COOPERATIVE ASSOCIATION
Darrell Stephens
David Marricle

BIG COUNTRY ELECTRIC COOPERATIVE
Roger Blackwelder
Mark McClain

COLEMAN COUNTY ELECTRIC COOPERATIVE
Bob Fuchs
Clint Gardner

CONCHO VALLEY ELECTRIC COOPERATIVE
Jeff Copeland
Kelly Lankford

DEAF SMITH ELECTRIC COOPERATIVE
Vick Christian
Mike Veazey

GREENBELT ELECTRIC COOPERATIVE
James Batton
Stan McClendon

LAMB COUNTY ELECTRIC COOPERATIVE
Kevin Humphreys
Boyd McCamish

LIGHTHOUSE ELECTRIC COOPERATIVE
Gaylord Groce
Bill Harbin

LYNTEGAR ELECTRIC COOPERATIVE
Earl Brown
Greg Henley

NORTH PLAINS ELECTRIC COOPERATIVE
David Sell, CPA
Randy Mahannah, PE

RITA BLANCA ELECTRIC COOPERATIVE
Shad McDaniel
Brent Wheeler

SOUTH PLAINS ELECTRIC COOPERATIVE
Tommy Joines
Dale Ancell

SOUTHWEST TEXAS ELECTRIC COOPERATIVE
Steve Williams
William "Buff" Whitten

SWISHER ELECTRIC COOPERATIVE
Jimie Reed
Steve Gee

TAYLOR ELECTRIC COOPERATIVE
Cecil Davis
Darryl Schriver

TCEC
Larry Hodges
Jack Perkins

GOLDEN SPREAD OFFICERS

MARK SCHWIRTZ - President and General Manager
STEPHEN CROSS, PE - Vice President, Engineering and Project Management
SCOTT GROSS, CPA - Interim Vice President, Finance and Accounting, and Interim CFO
JOLLY HAYDEN - Vice President, Operations, and COO
MARY HEKMAN, Esq. - Assistant Secretary, General Counsel and Vice President, Legal, Risk and Compliance
MARGARET "PEG" RUPERT - Vice President, Information Technology, and CIO
MICHAEL WISE - Senior Vice President, Commercial Operations and Transmission

Board service recognition

A major strength of Golden Spread Electric Cooperative, Inc. is its Board of Directors, comprised of 32 individuals, two from each of the 16 Member systems. Our deep appreciation goes to Jimmy Stokes and Roland Witt as they complete their Board tenure.

JIMMY STOKES

Mr. Stokes served on the Golden Spread Board from 1998 to 2015. We thank him for his service on our Government Relations, Farm Management, Legislative and GS PAC Committees. Mr. Stokes is a Director and former Secretary/Treasurer of Rita Blanca Electric Cooperative, Inc., having served since 1977. He is a retired farmer from Dumas, Texas, who has been active in his community, serving on the Boards of Sun Bank, Farm Bureau and Moore County Appraisal Review.

ROLAND WITT

Mr. Witt served on the Board from 2003 to 2014, including service as Vice Chairman. He was General Manager of Coleman County Electric Cooperative, Inc. for 11 years. Mr. Witt has been active with the Texas Electric Cooperative (TEC), where he is a past President of Member Services, served as Secretary of TEC Group IV and on the TEC Co-op Power Committee. He also was Secretary of Mid-Tex Generation and Transmission Electric Cooperative, Inc. and served on the Coleman, Texas, Chamber of Commerce Board.

Directors' Memorial Scholarship

For more than 20 years, Golden Spread has provided financial assistance to electric cooperative family members seeking a college or university education. The Directors' Memorial Scholarship was established in memory of the individuals who were dedicated to the development and advancement of rural electrification.

The scholarship is designated for families who are Member-Consumers of Golden Spread's 16 Member cooperatives. It pays a total of $2,000, providing $500 for each of four semesters through the sophomore year. Six new scholarships are awarded each year to qualifying scholars enrolled as full-time students in an accredited college or university in Texas or Oklahoma.

Currently the scholarship fund balance is approximately $146,000 and is administered by Opportunity Plan, Inc. located in Canyon, Texas. Golden Spread makes annual contributions to the fund in addition to contributions in memory of past Board Members.

Community involvement

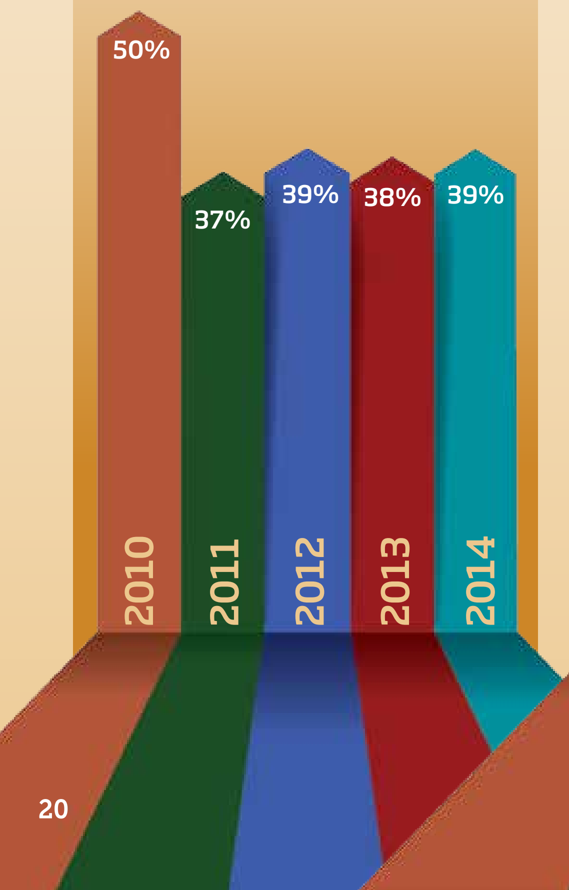
Golden Spread Electric Cooperative, Inc. employees participate in coordinated civic activities through the employee-run Community Involvement Committee (CIC) which was formed in 2013. The CIC demonstrates Golden Spread's and its Members' commitment to the Amarillo area and surrounding communities. The Board of Golden Spread generously provided financial support for this effort.

Golden Spread employees are offered 16 hours per year of paid volunteer time to help and support the Community. In addition to volunteering time, Golden Spread employees raise money for various charities. CIC efforts promote the involvement, reputation and values of Golden Spread and its Members within the communities we serve.

Golden Spread and its employees give back to their communities through contributions of time and funds. Above, Golden Spread accepted an ice bucket challenge from Big Country Electric Cooperative to raise funds for charity. Left and below, employees play birthday bingo with veterans and raise funds for pediatric cancer patients.

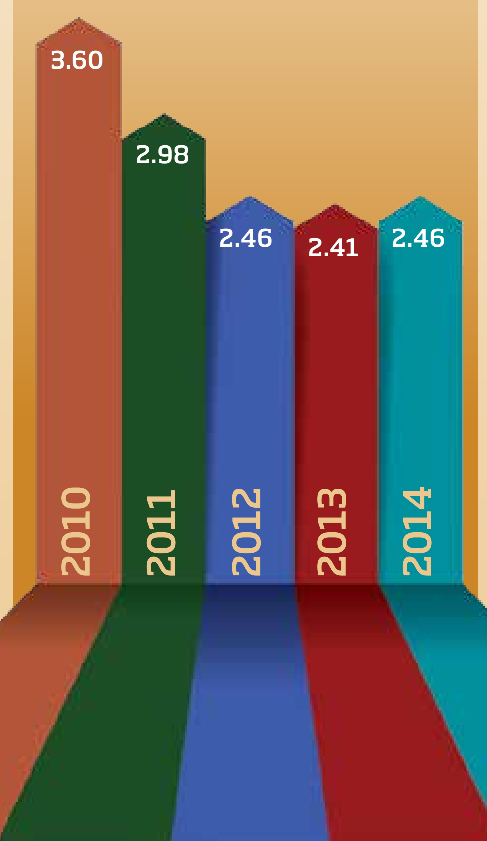
EQUITY/CAPITALIZATION

As Golden Spread is progressing in the addition of generation, its equity/capitalization ratio has declined from 2010 levels, but remained stable for 2011 through 2014.



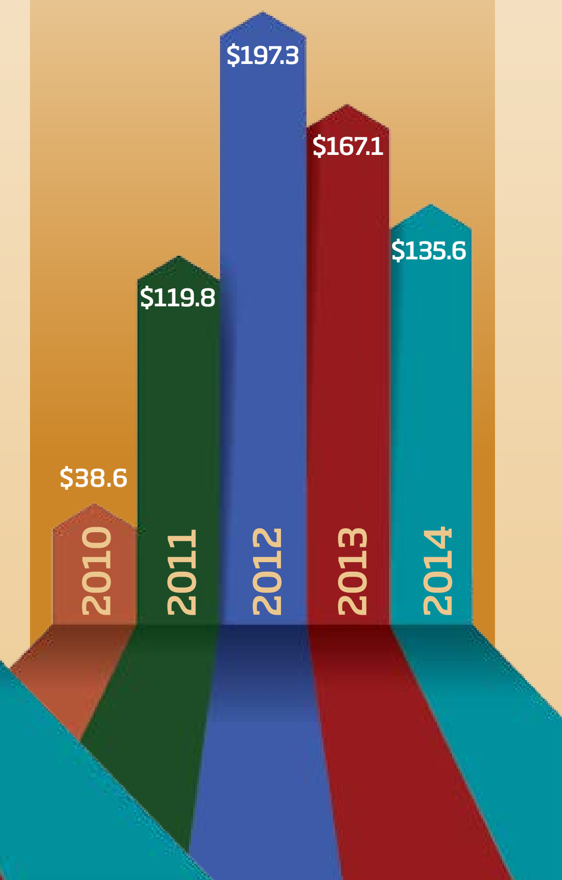
DEBT SERVICE COVERAGE (DSC) RATIO

Golden Spread has been planning for its capital expansion by accumulating equity and producing margins. As a result, DSC ratios remain stable, despite the increasing debt associated with Golden Spread's capital expansion program.



CASH LIQUIDITY (in Millions of Dollars)

Cash, cash equivalents and short-term investments fluctuate based on the cash liquidity needed to fund construction expenditures. Golden Spread targets cash balances of at least 90 days' cash operating expenses at all times.



FINANCIAL INFORMATION

Strengthening Our Structure

MANAGEMENT'S DISCUSSION AND ANALYSIS
of Financial Condition and Results of Operations

Management's Discussion and Analysis provides an overview of the consolidated financial condition and results of operations of Golden Spread Electric Cooperative, Inc. (Golden Spread) and its wholly owned operating subsidiaries as of December 31, 2014 and 2013, and for the three years ended December 31, 2014. At December 31, 2014, the operating subsidiaries included Golden Spread Panhandle Wind Ranch, LLC (GSPWR), Fort Concho Gas Storage, Inc. (FCGS) and GSEC Properties, LLC (GSEC Properties). Prior to July 1, 2012, the operating subsidiaries also included GS Electric Generating Cooperative, Inc. (GSEGC), Denver City Energy Associates, L.P. (DCEA), Yoakum Electric Generating Cooperative, Inc. (YEGC) and Antelope Electric Generating Cooperative, Inc. (AEGC). As of July 1, 2012, GSEGC, DCEA, YEGC and AEGC were merged into Golden Spread. GSPWR owns wind generation assets, FCGS owns a natural gas storage facility and GSEC Properties owns a seven-story office building in which Golden Spread's headquarters are located.

The matters discussed in Management's Discussion and Analysis contain forward-looking statements that are based on estimates, forecasts and assumptions involving risks and uncertainties that could cause actual results or outcomes to differ from those expressed in these statements. Any forward-looking statements are based on information as of the date of this report.

OVERVIEW

Golden Spread

Golden Spread, headquartered in Amarillo, Texas, is a tax-exempt, consumer-owned public utility, organized in 1984 to provide low cost, reliable electric service for our rural distribution cooperative Members, located in both the Electric Reliability Council of Texas (ERCOT) and the Southwest Power Pool (SPP) regions. Currently, our 16 Members supply power to approximately 231,000 Member-Consumers located in the Panhandle, South Plains and the Edwards Plateau regions of Texas, the Panhandle of Oklahoma, Southwest Kansas and a small portion of Southeast Colorado. Seven of our Members operate solely in SPP, four operate solely in ERCOT, and five operate in both regions.

Since 2010, Golden Spread has been executing a 10-year power supply plan which includes capital expansion to add new generation to replace expiring power purchase agreements and to meet growing load requirements of its Members. As part of this execution, Golden Spread needed to generate cash and equity at levels necessary to achieve and maintain our target financial objectives and retain high investment-grade credit ratings (currently "A" or better from the three main credit rating agencies). To achieve these financial objectives, the Golden Spread Board of Directors acted in 2009 to change the Member rate to include an Equity Stabilization Charge (ESC) to generate margins needed to supplement margins and equity from other sources. Our target financial objectives are:

- Finance 65-70% of capital projects with long-term debt, with remaining amount provided by equity;
- Maintain equity as a percentage of total capitalization of 30-35%;
- Maintain Debt Service Coverage (DSC) ratio of not less than 1.5 times; and
- Maintain cash working capital equal to 90 days' cash operating expenses (including interest) for operating liquidity supplemented with credit lines to provide liquidity needed for other purposes, such as construction program and collateral for credit markets.

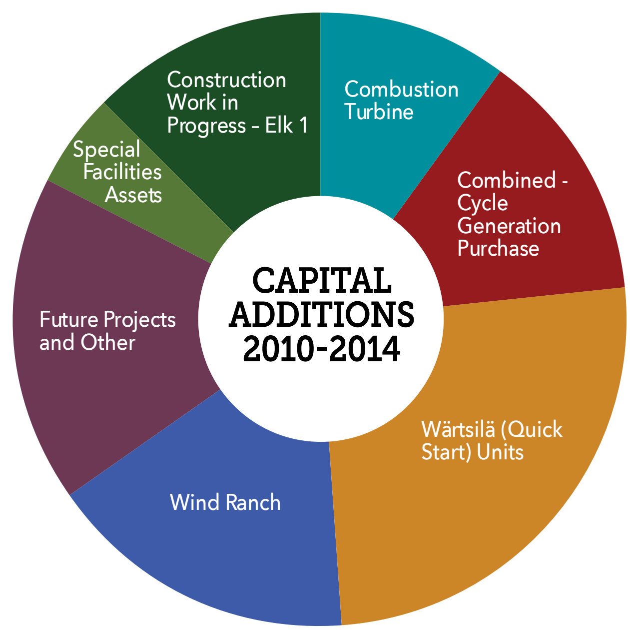
As Golden Spread strives to enhance our power supply plan to deliver competitive energy solutions for our Members, we continually evaluate how best to utilize existing plant capacity and be flexible in how we add resources (e.g. owned and contracted) to our power supply portfolio while achieving our targeted financial objectives and optimizing the rate charged to our Members.

We earn revenue and generate cash from operations by providing wholesale electric service. Our business is affected primarily by:

- Weather, particularly precipitation timing and amounts, affecting irrigation loads;
- Fuel prices;
- Geographic location in an area with abundant supply of high capacity wind energy;
- Availability and prices of energy in the markets;
- Farm, oil and gas commodity prices, the primary industries in our Members' service territories;
- Economic conditions;
- Interest rates;
- Golden Spread's securities' credit ratings; and
- Regulation and regulatory matters.

Capital Expansion

Over the last five years, we have completed 411 MW of new generation at a total cost, including Allowance for Funds Used During Construction (AFUDC), of $364.7 million and purchased an additional 244 MW at a cost of $94.4 million. During 2014, we began the construction of a 190 MW simple-cycle plant which is to begin commercial operations in mid-2015. Total capital expenditures, including the purchase of generation equipment for future plants, during this time were $707.0 million, as shown below:



Our generation expansion plan for 2015-2016 includes an additional 380 MW of simple-cycle generation.

This planned construction for new generation will provide the additional capacity needed to replace expiring power purchase agreements and to meet the growing demand and energy needs of our 16 Members and their Member-Consumers. Our third-party power purchase agreements, totaling approximately 960 MW at the end of 2014, will have capacity reductions, and 760 MW will ultimately terminate between 2015 and 2019. The remaining 200 MW (wind contracts) terminate in 2032 and 2034.

Regulation

On August 15, 2013, the Federal Energy Regulatory Commission (FERC) issued three decisions related to a series of Southwestern Public Service Company's (SPS) production cost rate cases initiated in 2004, 2006 and 2008. In these decisions, FERC reversed its 2008 decision in Opinion No. 501. The 2008 decision had changed the method employed by SPS for decades to allocate SPS fixed capacity costs. This 2008 FERC decision required moving away from allocating costs based on the coincident peak demand of the three summer months (3 CP) and instead required allocating costs based on the coincident peak demand of all 12 months (12 CP) of the year. This change resulted in additional capacity costs being assigned to Golden Spread. In its August 15, 2013 decision, Opinion No. 501-A, FERC granted our request for rehearing, reversed its 2008 decision in Opinion No. 501 and reinstated the 3 CP method of cost allocation. This reversal and FERC's companion decisions issued at the same time affect the rates that we had paid to SPS dating back to July 1, 2006, and prospectively. FERC ordered SPS to refund to Golden Spread the difference in the rates we would have paid had the 3 CP been in effect rather than the 12 CP method that was used during this period. Unless reversed, the FERC ruling entitles Golden Spread to refunds with interest of not less than $37.9 million, as calculated through August 31, 2013, according to SPS's FERC refund report. We would also be entitled to additional refunds beyond that date based on the FERC ruling. By using the refund calculation methodology employed by SPS in its refund report to FERC, this would yield a refund with interest of approximately $44.0 million through December 31, 2014.

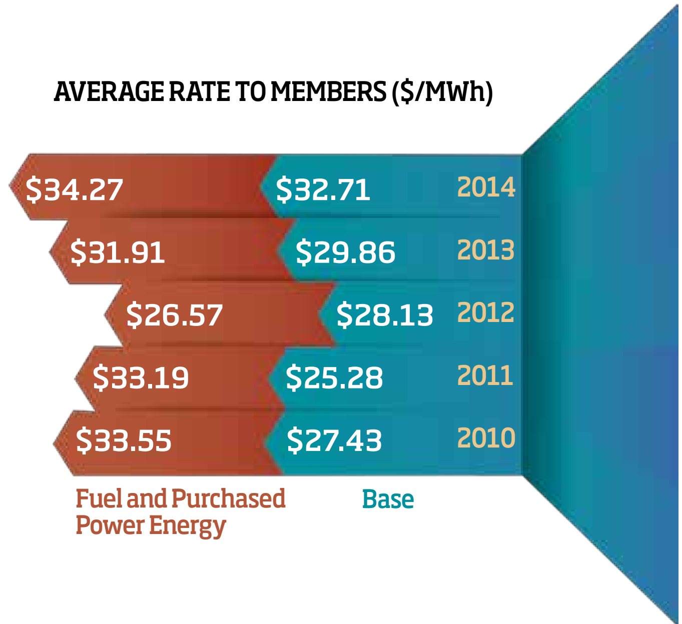
SPS and certain New Mexico cooperatives have filed requests for rehearing seeking another reversal by FERC or alternatively that FERC eliminate some or all of the refunds to Golden Spread on equitable grounds. We have responded requesting FERC to expeditiously rule on the rehearing requests, affirm its decision to employ the 3 CP method and reject the arguments that the requirement for refunds should be eliminated or reduced. FERC's second decision on rehearing is subject to further challenge in the federal courts of appeal. Any amounts received by Golden Spread will be flowed through to our Members under existing tariff and contractual arrangements.

On January 30, 2015, SPS filed a new rate case before FERC to prospectively revise the rate design in six separate cost-based power supply agreements, including the Golden Spread agreement. The primary purpose of the rate case was to once again raise the application of the 12 CP demand allocation methodology that was rejected in Opinion No. 501-A. SPS requested a February 1, 2015, effective date. We are opposing this filing. Resolution of this case will not affect the prior case, including the refund amounts that may be owed to Golden Spread as a result of Opinion No. 501-A.

Since 2012, Golden Spread has filed three complaints at FERC against Xcel Energy, the holding company for SPS, seeking a reduction in the rate of return on common equity included in SPS's wholesale production and transmission rates to us. The complaints have been set for hearing by FERC and are pending. If Golden Spread is successful, SPS will be required to issue refunds for prior periods, beginning April 20, 2012, and lower future rates. Initial decisions are anticipated in November 2015 and January 2016, and thereafter, will be subject to FERC review.

With respect to Golden Spread's own FERC jurisdictional rate, we received approval from FERC to implement new rates beginning January 1, 2014. The overall tariff change was revenue neutral. The new rate remains a formula rate that allows recovery of all of our costs plus a margin. The new rates continue to include the ability to modify margin contribution levels with our Board's approval and simplify allocations, add billing options and increase flexibility in offering additional services to our Members. We also began charging a third-party generation developer under a long-term contract for transmission service under its FERC-approved Open Access Transmission Tariff. The Golden Spread tariff provides the rates, terms and conditions for wheeling over Golden Spread's facilities that are owned on behalf of certain of its Members pursuant to a Special Facilities Agreement.

Rates



With the additional capacity resulting from the 2011 and 2013 generation resource additions, combined with the abundance of wind and coal resources in the SPP control area in which we operate, we took advantage of low energy prices available in the SPP Energy Imbalance Service (EIS) market and the SPP Integrated Marketplace (IM) that began on March 1, 2014. In 2014 and 2013, 22.7% and 16.7%, respectively, of the energy needed to serve our Members' SPP load was purchased from the EIS and IM markets. We utilize market purchases to reduce Members' rates when market prices are less than our incremental production cost.

Base rates have increased, in part, due to transmission expenses that have increased 32.2% from 2012 to 2014 and are expected to continue to increase in the future. Both ERCOT and SPP have implemented comprehensive high-voltage transmission construction plans to improve interconnectivity within their respective grids. Transmission expenses for SPP increased from $28.8 million in 2012 to $38.3 million in 2014, an increase of almost 33%. In ERCOT, transmission expenses increased from $8.4 million in 2012 to $10.9 million in 2014, an increase of almost 30%. Transmission expenses are expected to continue to increase as more of the planned transmission projects are placed in service. For 2015, we have budgeted $62.0 million for transmission expenses compared to 2014 actual costs of almost $50.0 million.

The increase in base rates was also affected by increases in depreciation and plant operation and maintenance expenses which will continue to increase in the future corresponding with the expansion of the generation fleet and the expiration of manufacturers' warranty contracts. These expenses will be mitigated as demand costs related to expiring PPAs decrease.

RESULTS OF OPERATIONS

Sales

Sales are summarized in the following table:

SUMMARY OF SALES AND REVENUE

	Years Ended December 31		
	2014	2013	2012
Operating Revenues ($ in 000s)			
Member Sales	$ 464,079	$ 433,879	$ 371,003
Nonmember Sales	43,646	19,239	7,781
Other	7,928	6,330	4,564
Total Operating Revenues	$ 515,653	$ 459,448	$ 383,348
Megawatt-Hour Sales (MWhs in 000s)			
SPP Member Sales	5,483	5,646	5,457
ERCOT Member Sales	1,446	1,378	1,325
Total Member Sales	6,929	7,024	6,782
Nonmember Sales	877	397	264
Total MWh Sales	7,806	7,421	7,046
Average Rate to Members ($/MWh)	$ 66.98	$ 61.77	$ 54.70

The average rate to Members increased 8.4% in 2014, compared to 2013, predominantly due to an increase in fuel and purchased power energy costs and higher transmission rates in ERCOT and SPP. These factors resulted in an increase in operating revenues in 2014 as compared to 2013. Fuel and purchased power energy costs to Members averaged $34.27 per MWh in 2014, higher than the average price in 2013 of $31.91 per MWh and higher than the 2012 average price of $26.57 per MWh.

The average fuel and purchased power energy costs correlate somewhat to the changes in natural gas prices which averaged $4.50 per MMBtu in 2014, $3.80 per MMBtu in 2013 and $2.76 per MMBtu in 2012 (average natural gas prices represent the annual average natural gas prices per MMBtu delivered to Mustang and Antelope Stations), but were also affected by market prices and reduced to the extent wind energy was available to serve Members' loads. In 2014, approximately 179 MW of wind generation resources, producing energy at capacity factors approaching 50%, were available to serve Member loads within SPP. This represents increases over both 2013 and 2012. GSEC does not retain the environmental attributes for these wind projects.

In the third quarter of 2011, GSPWR began commercial operation, and wind resources increased in December 2012 when Minco III (a wind generation project for which we have a 20-year fixed price power purchase agreement) achieved commercial operation. In late 2014, another 100 MW wind generation project for which we have contracted to purchase all of the energy at a fixed price, achieved commercial operation. This new wind project is expected to achieve a capacity factor comparable to the two existing sources of wind energy. We sell all of the environmental attributes associated with wind to third parties in the form of renewable energy credits.

Member energy sales in 2014 were lower than 2013 and slightly higher than 2012. In the past few years, Member sales have been impacted by growth in the oil and gas industry and variability in weather which impacts irrigation sales. Irrigation sales represented 27.4% and 31.4% of megawatt-hour sales to Members in 2014 and 2013, respectively, both declines from the 32.2% related to irrigation loads in 2012 when extreme drought conditions existed. For the period of 2010-2014, we have seen five-year annual compounded growth rate in Members' energy sales of 6.2%. The five-year annual compounded growth rate in peak demand was 2.9% over the same time period.

Energy sales to nonmembers were higher in 2014 as compared to 2013 and 2012. The 2014 and 2013 nonmember sales included $3.9 million and $4.1 million, respectively, related to a capacity sale to SPS, which began in June 2013. In 2012 and 2013 low natural gas prices resulted in Mustang Station being the lowest energy cost resource (except for wind energy generated or purchased). Therefore, Mustang was used predominantly to serve Member loads, making it unavailable for energy sales to nonmembers. In 2014 with the start of the SPP Integrated Marketplace, Mustang had the opportunity to sell energy when the plant was not needed to serve load. May and June of 2014 were unusually wet months; therefore, Mustang was not needed as much to serve load. Consequently, Mustang was available to sell and make nonmember margins. Some increase in nonmember sales and related margins is expected when we have generation resources available in the ERCOT region (expected for summer of 2016), enabling Golden Spread to access that market. Currently, Golden Spread purchases power to serve its Members in ERCOT from AEP Energy Partners under two partial-requirements contracts.

Net Margins

Net margins for 2014 were $31.9 million as compared to $36.3 million in 2013 and $40.7 million in 2012. The decline in net margins from 2012 to 2014 is due primarily to the FCGS impairment, outlined below. A comparison of the components of net margins is set forth in the following table:

	Years Ended December 31		
Dollars in thousands	2014	2013	2012
Margins in Member Rates and Other	$ 35,609	$ 33,253	$ 39,201
Nonmember Sales Margins	7,668	3,032	1,499
FCGS Impairment and Other Costs	(11,332)	-	-
Net Margins	$ 31,945	$ 36,285	$ 40,700

Margins included in Member rates are solely a function of the annual Board-approved Equity Stabilization Charge (ESC) which establishes the amount of margins to be included in rates each year. The levels of nonmember sales margins fluctuate in relation to the volume of nonmember energy sales and natural gas prices. Nonmember sales margins are primarily attributable to sales in the SPP EIS and IM markets. When our resources were not needed to serve Members' loads, we sold power into the SPP EIS and IM markets when prices were above our incremental production cost.

For 2014, 2013 and 2012, other sources of margins include interest earned on cash balances, patronage capital income and a small amount of farm income related to land we own. Interest income is affected in all three years due to variations in interest rates and cash balances. New rates were implemented January 1, 2014 (as previously mentioned) that allowed recovery of all costs.

In October 2008, FCGS, our wholly owned subsidiary, purchased a 2 Bcf natural gas storage facility for future use as a potential generation site. In 2013, the decision was made to suspend moving forward with a generation project at this site. In 2014, the decision was made to shut down the facility. The plant will continue to operate through the early part of 2015 with shut down of the facility occurring before the end of 2015. During this process, we will evaluate different options to mitigate the cost related to our decision. Consequently, we recorded a pre-tax impairment loss of $10.7 million on the statement of income which includes $10.4 million reduction of other property and $0.3 million for other shutdown costs. Furthermore, we recorded another $0.6 million of costs related to the Asset Retirement Obligation.

Operating Expenses

Operating expenses are summarized in the table below:

Dollars in thousands	2014	2013	2012
	Years Ended December 31		
Fuel and Purchased Power Energy	$ 253,684	$ 220,192	$ 170,739
Purchased Power Capacity	42,488	39,818	39,958
Transmission	49,875	43,590	37,719
Plant Operations and Management	9,111	8,772	8,789
Plant Maintenance	10,682	15,775	6,216
Administrative and General	26,885	22,354	19,046
Depreciation	38,089	35,616	26,176
Taxes Other than Income Taxes	5,664	5,358	5,448
Other	9,306	7,380	6,252
Total	**$ 445,784**	**$ 398,855**	**$ 320,343**

The changes in fuel and purchased power energy costs are directly related to fuel costs and the volume of energy purchased under third-party power purchase agreements and net settlements in the SPP EIS and IM markets. We dispatch for Member load the lowest cost resources available. Our partial requirements (PR) agreement with SPS has a significant coal generation component which is a less expensive fuel resource. This PR energy can be an economical source depending upon generation mix embedded in PR price, the operating configuration of our combined-cycle plant and natural gas prices. In 2013, we purchased 2,331,237 MWh under this agreement, compared to 1,732,856 MWh purchased in 2014.

The difference between the average price per MWh sold to Members and the average fuel and purchased power energy cost per MWh increased from $28.13 per MWh in 2012 to $32.71 per MWh in 2014. This difference between the average selling price to Members and the average fuel and purchased power energy cost per MWh represents the recovery of all other expenses of operations and provides for the Members' contribution to net margins.

Transmission costs increased 32.2% from 2012 to 2014 and are expected to continue to increase in the future as previously discussed in the Rates section of the Overview.

Plant maintenance expenses vary year to year based upon schedule of required planned maintenance and maintenance costs resulting from unplanned outages. We saw a decrease in 2014 plant expenses because planned maintenance included only a minor combustion turbine inspection, while 2013 included a major inspection and an overhaul of the steam turbine. Planned maintenance is done according to recommended schedules from the OEM (original equipment manufacturer).

Administrative and general costs increased in 2014 as compared to 2013 and 2012 primarily due to an increase in number of employees. At the end of 2014, we had 81 employees which is an 80% increase over the 2012 level of 45 employees. Administrative and general costs also increased due to higher property and casualty insurance costs and other costs associated with growth in employees.

Depreciation expense increased 6.9% in 2014 as compared to 2013, due to an increase in Mustang Station Unit 6 depreciation of $1.5 million to reflect a full year of depreciation (commercial operation began in August 2013).

Liquidity and Capital Resources

As of December 31, 2014, Golden Spread had available cash and investments of approximately $135.6 million. We also had lines of credit totaling $270.0 million for the financing of our current construction program, meeting contractual obligations and for other liquidity needs. As of December 31, 2014, $51.1 million was borrowed under these credit lines. There are no restrictions, limitations or pledges of cash or any other assets, other than as separately identified on the financial statements and in the footnotes. In addition to the cash balances maintained at each year-end, we also had additional borrowing capability of approximately $139.2 million under our indenture at December 31, 2014.

LINE OF CREDIT USAGE	2014	2013	2012
	Years Ended December 31		
Maximum Amount Borrowed on Lines of Credit (in Millions)	$ 61.6	$ 47.3	$ 40.6
Average Interest Rate	1.53%	2.03%	1.90%

On July 26, 2013, we closed on a $75.0 million senior secured debt borrowing from National Rural Utilities Cooperative Finance Corporation. The debt is a 30-year amortizing loan with a 5.00% fixed interest rate with equal principal and interest payments of $1,214,425 payable quarterly over 30 years. The proceeds were used to finance Mustang Station Unit 6 which achieved commercial operation in August 2013.

The following table details our fixed contractual obligations for 2015 through 2019.

CONTRACTUAL OBLIGATIONS AT DECEMBER 31, 2014

Dollars in thousands	Total 2015-2019	2015	2016-2017	2018-2019
	Payments Due			
Principal Payments on Long-Term Debt[1]	$ 124,995	$ 17,504	$ 67,179	$ 40,312
Interest Payments on Long-Term Debt	117,830	25,787	48,237	43,806
Purchased Power Obligations[2] - Demand	101,216	31,442	44,892	24,882
Purchased Power Obligations[2] - Energy	416,884	131,055	213,708	72,121
Long-Term Service and Parts Agreement	33,589	6,327	13,228	14,034
Wind Ranch Land Lease	3,618	711	1,424	1,483
Operating Leases	593	119	237	237
Total	$ 798,725	$ 212,945	$ 388,905	$ 196,875

[1]Includes $30 million balloon payment in 2016 on debt issued as part of 2011 private placement
[2]Based on estimated energy delivered and forecasted pricing

Recognizing the need for equity and liquidity to meet our planned construction program, balanced with the Board's desire to make annual patronage and contributed capital refunds, the Board currently employs a patronage capital retirement policy of refunding annually an amount approximating 2% of the prior year-end equity balance. This resulted in a 2012 payment of approximately $6.0 million, a 2013 payment of $7.0 million, a 2014 payment of $7.5 million and a 2015 payment of $8.0 million in patronage and contributed capital distributions to our Members.

We will finance our capital expansion plan by maintaining adequate cash levels and lines of credit to finance construction on an interim basis and then, when interest rates and other terms are advantageous, we will go to the market for long-term financings.

The new resources added and those planned in the future will be used to serve load growth and replace expiring wholesale power contracts. We have a power supply portfolio that includes a mix of owned generation and purchased power that provides energy from a combination of renewable, gas-fired and coal-fired resources to supply our Members with reliable and reasonably priced power. We maintain target financial ratios and objectives that are deemed appropriate to ensure adequate liquidity, equity and debt service coverage ratios to support the additional debt that will be needed to fund new generation resources.

The target ratios and objectives guide management and the Board of Directors in establishing annual budgets, setting rates (including the annual ESC to be included in rates) and determining the level of patronage and contributed capital retirements to our Members. Our financial policies are designed to maintain capital and liquidity sufficient to provide for the financing of all future projects with an appropriate mix of debt and equity, while maintaining strong financial metrics.

In December 2014, Moody's Investor Services reaffirmed its general corporate credit rating of A3 (unsecured) with a stable outlook. In February 2014, Standard & Poor's reaffirmed its general corporate credit rating of A, with a stable outlook. In June 2013, Fitch Ratings reaffirmed its A rating on our 2005 Series senior secured debt with a stable outlook.

INDEPENDENT AUDITORS' REPORT

The Board of Directors
Golden Spread Electric Cooperative, Inc.:

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying consolidated financial statements of Golden Spread Electric Cooperative, Inc. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2014 and 2013, and the related consolidated statements of income, changes in Members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly in all material respects, the financial position of Golden Spread Electric Cooperative, Inc. and its subsidiaries as of December 31, 2014 and 2013, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Albuquerque, New Mexico
April 10, 2015

CONSOLIDATED BALANCE SHEETS

Assets	DECEMBER 31 2014	2013
UTILITY PLANT AT COST		
Electric Plant in Service	$ 770,744,629	$ 759,695,419
Capital Maintenance	31,034,014	30,956,671
Construction Work in Progress	100,974,612	3,673,877
Less: Accumulated Depreciation - Plant and Equipment	163,389,467	137,020,155
Less: Accumulated Amortization - Capital Maintenance	9,206,411	5,160,329
Total Utility Plant	$ 730,157,377	$ 652,145,483
OTHER PROPERTY AND INVESTMENTS - AT COST OR STATED VALUE		
Investments in Associated Organizations	$ 4,488,599	$ 4,297,514
Plant Held for Future Use	115,245,886	-
Other Property	15,292,894	133,616,817
Total Other Property and Investments	$ 135,027,379	$ 137,914,331
CURRENT ASSETS		
Cash and Cash Equivalents	$ 135,579,485	$ 113,300,927
Short-Term Investment Securities	-	53,810,000
Accounts Receivable	32,278,938	34,190,969
Prepaid Capital Maintenance	10,888,812	5,779,083
Prepaid Expenses and Other Current Assets	18,788,240	19,155,047
Total Current Assets	$ 197,535,475	$ 226,236,026
OTHER ASSETS		
Deferred Charges	$ 6,761,494	$ 10,561,363
Debt Issuance Costs (Net of accumulated amortization of $743,752 in 2014 and $582,602 in 2013)	2,456,680	2,617,830
Deferred Income Tax	910,000	-
Other	3,839,305	4,708,992
Total Other Assets	$ 13,967,479	$ 17,888,185
TOTAL ASSETS	$ 1,076,687,710	$ 1,034,184,025

Members' Equity and Liabilities

	2014	2013
MEMBERS' EQUITY		
Patronage Capital	$ 383,873,276	$ 359,179,228
Contributed Capital	12,040,593	12,289,240
Total Members' Equity	$ 395,913,869	$ 371,468,468
LONG-TERM DEBT		
Mortgage Notes Less Current Maturities	$ 542,366,728	$ 557,584,398
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	$ 17,503,599	$ 16,801,566
Notes Payable	51,062,610	36,568,798
Accounts Payable	33,137,889	31,805,788
Other Accrued Expenses	29,674,876	14,050,533
Total Current Liabilities	$ 131,378,974	$ 99,226,685
DEFERRED CREDITS		
Asset Retirement Obligation	$ 3,954,199	$ 3,188,500
Other Deferred Credits	3,073,940	2,715,974
Total Deferred Credits	$ 7,028,139	$ 5,904,474
TOTAL MEMBERS' EQUITY AND LIABILITIES	$ 1,076,687,710	$ 1,034,184,025

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

	YEARS ENDED DECEMBER 31		
	2014	**2013**	**2012**
OPERATING REVENUES			
Wholesale Power Sales	**$ 507,724,508**	$ 453,118,250	$ 378,784,037
Other Operating Revenues	**7,928,281**	6,329,752	4,563,549
Total Operating Revenues	**$ 515,652,789**	$ 459,448,002	$ 383,347,586
OPERATING EXPENSES			
Purchased Power	**$ 204,133,601**	$ 193,738,959	$ 146,020,860
Fuel Expense	**92,038,258**	66,271,791	64,675,545
Transmission Expense	**49,875,300**	43,589,832	37,718,596
Other Power Supply Expense	**458,319**	799,819	1,005,870
Plant Operations and Management	**9,111,248**	8,772,208	8,789,107
Plant Maintenance and Maintenance Services	**10,681,559**	15,774,802	6,216,452
Other Operating Expense	**8,847,267**	6,580,219	5,245,755
Administrative and General	**26,885,369**	22,353,953	19,046,239
Depreciation and Amortization	**38,088,748**	35,615,653	26,175,864
Taxes Other than Income Taxes	**5,663,526**	5,358,464	5,448,113
Total Operating Expenses	**$ 445,783,195**	$ 398,855,700	$ 320,342,401
OPERATING MARGINS - BEFORE FIXED CHARGES	**$ 69,869,594**	$ 60,592,302	$ 63,005,185
FIXED CHARGES			
Short-Term Interest	**$ 715,006**	$ 704,375	$ 427,186
Interest on Long-Term Debt	**26,096,033**	24,533,514	22,827,874
Allowance for Borrowed Funds Used During Construction	**(640,981)**	(953,025)	(400,242)
Amortization of Debt Issuance Costs	**161,150**	161,150	161,152
Total Fixed Charges	**$ 26,331,208**	$ 24,446,014	$ 23,015,970
OPERATING MARGINS - AFTER FIXED CHARGES	**$ 43,538,386**	$ 36,146,288	$ 39,989,215
NONOPERATING MARGINS			
Interest and Capital Credit Income	**$ 771,282**	$ 853,094	$ 828,506
Asset Impairment	**(10,709,302)**	-	-
Loss on Disposition of Property	**(935,320)**	-	-
Other Expense	**(719,645)**	(714,848)	(117,265)
Total Nonoperating Margins	**$ (11,592,985)**	$ 138,246	$ 711,241
NET MARGINS	**$ 31,945,401**	$ 36,284,534	$ 40,700,456

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Years ended December 31, 2014, 2013 and 2012

	PATRONAGE CAPITAL	CONTRIBUTED CAPITAL	TOTAL
BALANCE, DECEMBER 31, 2011	$ 288,937,753	$ 12,545,725	$ 301,483,478
Net Margins - 2012	$ 40,700,456	$ -	$ 40,700,456
BALANCE, DECEMBER 31, 2012	$ 329,638,209	$ 12,545,725	$ 342,183,934
Net Margins - 2013	$ 36,284,534	$ -	$ 36,284,534
Patronage/Contributed Capital Retirement	(6,743,515)	(256,485)	(7,000,000)
BALANCE, DECEMBER 31, 2013	$ 359,179,228	$ 12,289,240	$ 371,468,468
Net Margins - 2014	$ 31,945,401	$ -	$ 31,945,401
Patronage/Contributed Capital Retirement	(7,251,353)	(248,647)	(7,500,000)
BALANCE, DECEMBER 31, 2014	**$ 383,873,276**	**$ 12,040,593**	**$ 395,913,869**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	YEARS ENDED DECEMBER 31		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Margins	$ 31,945,401	$ 36,284,534	$ 40,700,456
Adjustments to Reconcile Net Margins to			
Net Cash Provided by Operating Activities			
Depreciation and Amortization	38,249,898	35,776,803	26,335,766
Loss on Disposition of Property	935,320	-	-
Asset Impairment	10,709,302	-	-
Capital Credits	(570,399)	(537,422)	(322,077)
Changes in Assets and Liabilities			
Deferred Charges	(13,615,789)	(6,978,971)	1,392,031
Other Assets	869,687	(4,152,086)	(269,995)
Deferred Credits	1,123,665	865,512	264,047
Deferred Income Tax	(910,000)	-	-
Accounts Receivable	1,912,031	(5,441,373)	5,536,706
Prepayments and Other Current Assets	(5,461,806)	(10,681,665)	(10,060,237)
Payables and Accrued Expenses	16,925,834	(7,146,808)	(6,091,204)
Net Cash Provided by Operating Activities	$ 82,113,144	$ 37,988,524	$ 57,485,493
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to Utility Plant	$ (55,211,432)	$ (31,829,258)	$ (56,201,069)
Grant Proceeds	-	-	47,283,646
Purchase of Office Building	(13,070,920)	-	-
Additions to Other Property and Plant Held for Future Use	(38,409,722)	(103,476,987)	(5,504,953)
Investments in Other and Short-Term Investment Securities	-	(133,066,000)	(23,410,000)
Maturity of Other and Short-Term Investment Securities	53,810,000	118,966,000	2,300,000
Investments in Associated Organizations	379,313	170,245	129,757
Net Cash Used in Investing Activities	$ (52,502,761)	$ (149,236,000)	$ (35,402,619)
CASH FLOWS FROM FINANCING ACTIVITIES			
Retirement of Patronage and Contributed Capital	$ (7,500,000)	$ (7,000,000)	$ (5,978,494)
Advance on Long-Term Debt	-	75,000,000	-
Payments on Long-Term Debt	(16,823,707)	(15,067,260)	(13,522,249)
Advance on Long-Term Debt - Special Facilities	45,256	7,512,115	-
Proceeds from Sale of Assets	190,000	-	-
Borrowings - Notes Payable	184,208,059	196,162,784	105,392,918
Repayments -Notes Payable	(167,451,433)	(191,968,787)	(65,598,033)
Net Cash Provided by (Used in) Financing Activities	$ (7,331,825)	$ 64,638,852	$ 20,294,142
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	$ 22,278,558	$ (46,608,624)	$ 42,377,016
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	113,300,927	159,909,551	117,532,535
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 135,579,485	$ 113,300,927	$ 159,909,551
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION			
Interest Paid During the Year	$ 26,595,718	$ 23,650,142	$ 23,411,933

Noncash Investing and Financing Transactions:

In 2014, Golden Spread had four significant noncash transactions: transfer of generation equipment from other property assets to construction work in progress of $36,650,786; transfer of other property assets from preliminary survey and investigation to construction work in progress of $17,229,496; transfer of generation equipment from other property assets to plant held for future use of $115,245,886; and transfer of prepaid capital maintenance to capital maintenance in the amount of $718,884 to account for 2014 maintenance activities.

In 2014, notes payable in the amount of $2,262,814 were refinanced to long-term debt.

In 2013, Golden Spread had one significant noncash transaction: transfer from prepaid capital maintenance to capital maintenance in the amount of $15,626,602 to account for 2013 maintenance activities.

In 2013, notes payable in the amount of $8,073,126 were refinanced to long-term debt.

In 2012, Golden Spread completed two significant noncash transactions: transfer of generation equipment from plant held for future use to construction work in progress in the amount of $20,404,561, and transfer from prepaid capital maintenance to capital maintenance in the amount of $15,777,537 to account for 2012 maintenance activities.

In 2012, notes payable in the amount of $14,847,799 were refinanced to long-term debt.

See accompanying notes to consolidated financial statements.

1. Organization and Operations

The consolidated balance sheets include the accounts of Golden Spread Electric Cooperative, Inc. (Golden Spread) and its wholly owned operating subsidiaries, Fort Concho Gas Storage, Inc. (FCGS), Golden Spread Panhandle Wind Ranch, LLC (GSPWR) and GSEC Properties, LLC (GSEC Properties) (see note 3), at December 31, 2014 and 2013. The consolidated statements of income, statement of changes in Members' equity and cash flows for 2012 include the accounts of Golden Spread and its wholly owned operating subsidiaries, GS Electric Generating Cooperative, Inc. (GSEGC), Yoakum Electric Generating Cooperative, Inc. (YEGC), Antelope Electric Generating Cooperative, Inc. (AEGC), FCGS, GSPWR and Denver City Energy Associates, L.P. (DCEA). As of July 1, 2012, four of Golden Spread's subsidiaries, GSEGC, DCEA, YEGC and AEGC were merged into Golden Spread. Another subsidiary, Mid-Tex Generation and Transmission Electric Cooperative, Inc. (Mid-Tex) has no operations at this time. The consolidated entity is collectively referred to as "Golden Spread." Golden Spread's headquarters are located in Amarillo, Texas.

Golden Spread's Members are 16 rural electric distribution cooperatives that provide service to their retail Member-Consumers in the Panhandle, South Plains and Edwards Plateau regions of Texas, in the Panhandle of Oklahoma, in Southwestern Kansas, and a small portion of Southeast Colorado. The Member loads served by Golden Spread are located in the Electric Reliability Council of Texas (ERCOT) and the Southwest Power Pool (SPP) regions.

Golden Spread is subject to the jurisdiction of the Federal Energy Regulatory Commission (FERC) for corporate and rate regulation related to its activities in SPP, and is subject to the regulation of the Public Utility Commission of Texas for certain activities in both ERCOT and SPP. FCGS is subject to the rules and regulations of the Texas Railroad Commission. GSPWR is subject to FERC jurisdiction.

Golden Spread is tax-exempt under Internal Revenue Code Section 501(c)(12) as long as 85% of its gross receipts (as defined under the Internal Revenue Code) are derived from sales to Members. For each of the three years ended December 31, 2014, the 85% test was met. Any revenues earned in excess of costs incurred are allocated to Members of Golden Spread and are reflected as patronage capital equity in the accompanying consolidated balance sheets. FCGS and GSPWR are taxable corporations (see note 14). GSEC Properties is a single-member LLC and is a disregarded entity for income tax purposes.

2. Summary of Significant Accounting Policies

The accounting records of Golden Spread are maintained in accordance with generally accepted accounting principles (GAAP) and the accounting system prescribed by FERC for electric utilities.

(a) Principles of Consolidation

The consolidated financial statements include the accounts of Golden Spread and its wholly owned subsidiaries. All intercompany transactions and balances have been eliminated in consolidation.

(b) Operating Revenues

Under the Golden Spread tariff, Golden Spread bills its Members monthly based on budgeted costs and metered usage. The tariff provides that there will be a reconciliation of actual costs incurred to the amounts billed. Any over or under recovery of costs is refunded or surcharged in the subsequent year. Unbilled revenues are accrued for amounts that are recoverable under rate tariffs but not yet billed. Amounts billed to Members in excess of or less than recoverable costs under rate tariffs are accrued as an addition or reduction of revenues and as a current asset or current liability to the Members on the consolidated balance sheet. At December 31, 2014, approximately $9,232,000 was over collected from Members and at December 31, 2013, approximately $2,342,000 was under collected from Members.

Golden Spread also has sales of capacity and energy to nonmembers that are billed on a monthly basis and sales of energy to nonmembers through the SPP Integrated Marketplace that are settled weekly.

Other operating revenues consist primarily of special facilities charges billed to Members for use of transmission and distribution assets.

All amounts receivable from Members and nonmembers are considered collectible; therefore, no allowance is recorded.

(c) Utility Plant

Utility plant is stated at original cost. The capitalized cost of additions to utility plant includes the cost of material, contract services and various other indirect charges, such as interest on funds used during construction. Retirements or other dispositions of utility plant are based on historical cost or other valuation methods that are deducted from plant and are charged to accumulated depreciation. If determinable, the gains and losses on the disposition of certain assets have been reflected on the income statement. The cost of repairs and minor renewals is charged to maintenance expense in the period incurred.

Depreciation of utility plant is provided using straight-line depreciation rates over the following estimated useful lives:

Production Plant	15 – 30 years
Transmission and Distribution Plant	6 – 36 years
Gas Interconnections	15 years
General Plant	3 – 5 years

(d) Allowance for Borrowed Funds Used During Construction (AFUDC)

AFUDC represents the cost of interest capitalized during the construction period. In 2014, 2013 and 2012, interest of approximately $0.6 million, $1.0 million and $0.4 million, respectively, was capitalized as part of the costs of Elk Unit 1 in 2014 and Mustang Station Unit 6 in 2013 and 2012, which represented an average interest rate of 1.98%, 2.57% and 2.37%, respectively.

(e) Debt Issuance Costs

Debt issuance costs are amortized using the effective-interest method over the life of the underlying debt.

(f) Cash and Cash Equivalents

For purposes of the consolidated financial statements, Golden Spread considers cash and investments with an original maturity of 90 days or less as cash and cash equivalents.

(g) Investment Securities

Investment securities consist of corporate debt securities. Golden Spread classifies all of its debt securities as held-to-maturity (HTM). HTM debt securities are those debt securities in which Golden Spread has the ability and intent to hold the security until maturity. HTM debt securities are recorded at cost, as there are no associated premiums and discounts to amortize. Other investment securities consist of corporate debt securities with a maturity date over one year. Short-term investment securities consist of corporate debt securities with a maturity date of greater than 90 days and less than one year. A decline in the market value of any HTM security below cost that is deemed to be other-than-temporary, results in an impairment to reduce the carrying amount to fair value. To determine whether impairment is other-than-temporary, Golden Spread considers all available information relevant to the collectibility of the security, including past events, current conditions and reasonable and supportable forecasts when developing estimates of cash flows expected to be collected. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year-end, forecasted performances of the investee and the general market condition in the geographic area or industry the investee operates. Golden Spread's HTM investments are invested at National Rural Utilities Cooperative Finance Corporation (CFC).

(h) Inventory

Inventories are stated at cost. Cost is determined using the first in, first out method (FIFO) for all inventories, except for the gas inventory at the gas storage facility. The gas inventory is stated at lower of cost or market with cost determined using the weighted average cost basis.

(i) Other Property

At December 31, 2014, other property includes land, water rights, a gas storage facility with related assets and a seven-story office building in which Golden Spread's headquarters are located (see note 3). At the end of 2013, other property includes the items listed above, except the office building, plus deposits for generation equipment, which was delivered during 2014.

(j) Regulatory Assets and Liabilities

Golden Spread defers certain expenses that will be recovered through Golden Spread's future rates in accordance with GAAP applicable to rate-regulated enterprises. Regulatory assets are charged as an expense, if and when future recovery in rates of that asset is no longer probable. Golden Spread also defers unearned revenue until future periods for rate-making purposes.

(k) Concentrations of Credit Risk

The Member cooperatives are largely dependent on agriculture and, to a lesser extent, oil and gas.

Golden Spread maintains cash balances with various financial institutions insured by the Federal Deposit Insurance Corporation up to $250,000. At times, cash balances may exceed insurance coverage. Golden Spread also maintains cash balances with two cooperative banks whose deposits are not federally insured.

(l) Reclassifications

Certain reclassifications have been made to the 2013 and 2012 financial statement balances to conform to the 2014 presentation.

(m) Use of Estimates in the Preparation of Consolidated Financial Statements

The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(n) Income Taxes

Golden Spread is a cooperative corporation that is tax-exempt under Internal Revenue Code Section 501(c)(12) as long as 85% of its gross receipts (as defined) are derived from sales to Members. For each of the three years ended December 31, 2014, the 85% test was met.

Golden Spread's wholly owned subsidiaries, GSPWR and FCGS, are taxable as C corporations under the Internal Revenue Code (see note 14). GSEC Properties is a single-member LLC and is a disregarded entity for income tax purposes.

Prior to their dissolution and merger into Golden Spread effective June 30, 2012, Golden Spread's then wholly owned subsidiaries, GSEGC, YEGC and AEGC were also cooperative corporations that were tax-exempt under Internal Revenue Code Section 501(c)(12). DCEA, prior to its dissolution and merger into Golden Spread effective June 30, 2012, was not directly subject to taxation as a pass-through entity for federal income tax purposes and, therefore, Golden Spread reported DCEA's income on its return for 2012.

Golden Spread has adopted the "uncertain tax positions" provisions of GAAP. The primary tax positions of Golden Spread are its filing status as a tax-exempt entity and its need to avoid exceeding a certain percentage of its income from nonmembers to maintain its tax-exempt status. Golden Spread has determined that it is more likely than not that its tax positions will be sustained upon examination by the Internal Revenue Service (IRS) or other state taxing authority and that all tax benefits are likely to be realized upon settlement with taxing authorities. For the year ended December 31, 2014, Golden Spread paid estimated income tax of $0.9 million related to FCGS, and recorded a deferred tax asset, net of valuation allowance of $0.9 million related to the temporary difference from the impairment of the gas storage facility. For the two years ended December 31, 2013, Golden Spread paid no income taxes.

Golden Spread and each of its current or former wholly owned subsidiaries, except DCEA (whose income, as a pass-through entity, was reported on Golden Spread's tax return) file separate income tax returns in the U.S. federal jurisdiction. Golden Spread is no longer subject to income tax examinations by federal taxing authorities for years before 2010.

(o) Fair Value Measurements

Golden Spread utilizes valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs to the extent possible. Golden Spread determines fair value based on assumptions that market participants would use in pricing an asset or liability in the principal or most advantageous market. Assessing the significance of a particular input to the fair value measurement requires judgment considering factors specific to the asset or liability. When considering market participant assumptions in fair value measurements, the following fair value hierarchy distinguishes between observable and unobservable inputs, which are categorized in one of the following levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Golden Spread has the ability to access at the measurement date.

Level 2 inputs are inputs other than quoted prices included with Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 inputs are unobservable inputs for the asset or liability used to measure fair value to the extent that observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at measurement date.

3. Acquisition

On March 20, 2014, GSEC Properties, LLC, a wholly owned subsidiary of Golden Spread, purchased an office building at 905 S. Fillmore Street in Amarillo, Texas. This office building is where Golden Spread's headquarters are located.

4. Asset Impairment

In October 2008, Golden Spread, through its wholly owned subsidiary Fort Concho Gas Storage, Inc. (FCGS), purchased a 2 Bcf natural gas storage facility for future use as a potential generation site. In 2013, a decision was made to suspend moving forward with a generation project at this site. In 2014, a decision was made to shut down the facility. The plant will continue to operate through the early part of 2015 with shut down of the facility occurring before the end of 2015. Consequently, Golden Spread recorded a pretax impairment loss of $10.7 million on the statement of income which includes $10.4 million reduction of other property and $0.3 million loss in charges for other shutdown costs.

5. Utility Plant

The components of utility plant are summarized as follows:

	December 31 2014	2013
Plant-in-Service:		
Land	$ 2,826,034	$ 2,826,034
Production Plant	666,853,811	667,962,525
Transmission and Distribution Plant	93,422,682	83,051,424
General Plant	7,642,102	5,855,436
Total Electric Plant-in-Service	$ 770,744,629	$ 759,695,419
Capital Maintenance	31,034,014	30,956,671
Construction Work in Progress	100,974,612	3,673,877
Total Electric Plant	$ 902,753,255	$ 794,325,967

At December 31, 2014, construction work in progress (CWIP) consisted primarily of a new generation project (Elk Unit 1 located near Abernathy, Texas), which is expected to commence commercial operation in the second quarter of 2015 and construction expenditures related to transmission and distribution plant.

Transmission and distribution plant consists of assets Golden Spread constructs or acquires for the benefit of individual Members. The debt associated with Special Facilities is secured by mortgages with CFC on the transmission and distribution plant.

Transmission and distribution plant is excluded from the Trust Indenture (see note 11) under which other Golden Spread property is pledged. All operating costs and the related debt service costs of transmission and distribution plant are recovered from the Members that benefit from the facilities.

6. Cash and Cash Equivalents

Cash and cash equivalents are summarized as follows:

	December 31 2014	December 31 2013
Cash	$ 44,362,847	$ 22,711,180
CFC Commercial Paper	1,800,000	2,655,000
CFC Select Notes	86,594,884	83,915,462
CFC Daily Fund Investment	549,488	1,866,504
Other Investments	2,272,266	2,152,781
Total Cash and Cash Equivalents	$ 135,579,485	$ 113,300,927

Cash and cash equivalents are recorded at cost, which approximates fair value. The CFC commercial paper matured in January 2015 and had an interest rate of 0.15%. The CFC Select Notes matured by March 26, 2015, and had interest rates ranging from 0.24% to 0.29%. The CFC daily fund investments earn interest at a variable interest rate (0.08% at December 31, 2014).

7. Other and Short-Term Investment Securities

Other investment securities are medium-term notes at CFC, with a maturity date greater than one year. There were no other investment securities at December 31, 2014 or 2013.

The other and short-term investment securities are summarized as follows:

	December 31 2014	December 31 2013
Other Investment Securities	$ –	$ –
Short-Term Investment Securities:		
CFC Select Notes	$ –	$ 41,510,000
CFC Medium-Term Notes	–	12,300,000
Total Short-Term Investment Securities	$ –	$ 53,810,000

The CFC Select Notes had maturity dates from January 15 to June 16, 2014, with interest rates ranging from 0.39% to 0.47% at December 31, 2013. The CFC medium-term notes had maturity dates from February 18 to October 15, 2014, with interest rates ranging from 0.94% to 1.34% at December 31, 2013. The carrying value of the other and short-term investment securities approximated fair value.

8. Long-Term Service and Parts Agreement

Golden Spread has a long-term service and parts supply and parts repair agreement (LTSPA) covering certain Mustang Station Units to provide service and labor for major maintenance of generation equipment, certain parts and refurbishment services, other spare parts at discount prices and other factory repair services. The LTSPA has a base fee for each gas turbine, with provisions for index adjustments and operational adjustments. Golden Spread made payments of $6,008,879, $5,913,500 and $6,473,000 in 2014, 2013 and 2012, respectively. The associated maintenance costs under this agreement are accounted for by expensing a portion of the cost related to yearly monitoring and diagnostic services and the remainder of the cost is recorded using the deferral method of accounting and are recorded as capital maintenance in the accompanying consolidated balance sheets when the related maintenance services are performed. The amounts paid in advance, other than the annual expense amount, are recorded in the prepaid maintenance account ($10,888,812 and $5,779,083 at December 31, 2014 and 2013, respectively) until the maintenance services have been performed. Once the maintenance services have been performed, the associated cost is transferred to capital maintenance and amortized over the maintenance interval for the associated type of maintenance.

The term of the LTSPA will expire after the earlier of June 14, 2022, or the completion of the third major inspection (expected to take place during 2020 or 2021) for the applicable gas turbine (based upon current manufacturer's recommendations); however, the spare parts discounts and factory repair services will remain in effect through June 14, 2022.

9. Deferred and Other Charges

Golden Spread is subject to the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 980, *Regulated Operations*. Regulatory assets represent probable future revenue to Golden Spread associated with certain costs that will be recovered from Members through the ratemaking process.

Deferred charges consist of the following:

	December 31 2014	December 31 2013
Regulatory Assets	$ 2,630,363	$ 2,630,363
Generation Projects - Preliminary Survey and Investigation	4,091,782	4,676,497
Other Deferred Charges	39,349	3,254,503
Total Deferred Charges	$ 6,761,494	$ 10,561,363

Other charges at December 31, 2014, include prepaid pension of $2.9 million (see note 15) and supplemental pension of $0.9 million (see note 15). Other charges at December 31, 2013, include prepaid pension of $3.3 million (see note 15), supplemental pension of $0.9 million (see note 15) and building acquisition costs of $0.5 million (see note 3).

10. Derivative Instruments and Hedging

Golden Spread routinely enters into physical commodity contracts for purchases of natural gas and has capacity sales contracts with its Members. Both types of these contracts qualify for the normal purchase and sales exception under GAAP.

There were no derivative instruments held at December 31, 2014 or 2013.

11. Long-Term Debt

Long-term debt is summarized as follows:

	December 31 2014	December 31 2013
5.75% Senior Secured Notes, due through 2025	$ 36,378,400	$ 38,843,100
5.00% Senior Secured Note, due through 2043	73,580,325	74,723,075
4.95% Senior Secured Notes, due through 2041	142,904,530	145,392,957
4.35% Senior Secured Notes, due through 2031	224,770,772	233,554,669
2.74% Senior Secured Notes, due in 2016	30,000,000	30,000,000
2.95% – 8.10% Fixed Rate Mortgage Notes, due through 2047	48,893,104	48,342,695
Variable Rate Mortgage Notes, due through 2038	3,343,196	3,529,468
	$ 559,870,327	$ 574,385,964
Less Current Maturities	17,503,599	16,801,566
	$ 542,366,728	$ 557,584,398

On July 26, 2013, Golden Spread closed on a $75.0 million senior secured debt borrowing from CFC. The debt is a 30-year amortizing loan with a 5.00% fixed interest rate with equal principal and interest payments of $1,214,425 payable quarterly over 30 years. The proceeds were used to finance Mustang Station Unit 6, which achieved commercial operation in August 2013.

All of the senior secured notes are fully amortizing over the term of the loans except the $30.0 million 2.74% note which is a five-year balloon note due August 2016.

The senior secured notes are first mortgage obligations issued by Golden Spread in August 2011 and May 2005, through private placement offerings and in July 2013 with CFC. The senior secured notes are secured under a Trust Indenture, amended and restated as of June 29, 2012, as supplemented (Trust Indenture). Pursuant to the Trust Indenture, Golden Spread has created a first lien on certain tangible and intangible assets in favor of the indenture trustee to secure debt issued under the Trust Indenture on a pro rata basis. Golden Spread's subsidiaries issue notes under a trust indenture substantially identical to the Trust Indenture. These notes constitute "Qualifying Securities" under the Trust Indenture and are assets of Golden Spread. These Qualifying Securities may be "Designated Qualifying Securities" or "Undesignated Qualifying Securities" under the Trust Indenture. In the case of Designated Qualifying Securities, Golden Spread issues debt under the Trust Indenture on the basis of the Designated Qualifying Securities, and the Designated Qualifying Securities have the same terms as the Golden Spread debt. At December 31, 2014, Designated Qualifying Securities of approximately $81.9 million related to GSPWR remained under the Trust Indenture.

Assets held under the Trust Indenture totaled $748.0 million at December 31, 2014, and includes all land, production plant, general plant, plant held for future use, Designated Qualifying Securities of GSPWR and $15.0 million in cash, all as reported on the consolidated balance sheets. The Trust Indenture requires Golden Spread to establish and collect rates for the use or the sale of the output, capacity or service of its system that, together with other revenues available to Golden Spread, are reasonably expected to yield a Margins for Interest Ratio of at least 1.10

for each fiscal year. The Trust Indenture also contains restrictions on distributions by Golden Spread to its Members. The supplemental indenture under which the 2005 senior secured notes were issued contains certain covenants that relate only to those notes. These covenants include the maintenance of (i) patronage capital and contributed capital in an amount of not less than $50,000,000 and (ii) a debt service coverage ratio of 1.25. At December 31, 2014 and 2013, Golden Spread had met all requirements of the indenture.

At December 31, 2014, Golden Spread had sufficient assets, including Qualifying Securities under the indenture to issue more than $139.2 million in additional debt.

The variable and fixed rate mortgage notes are due in quarterly installments and are secured by Golden Spread's transmission and distribution assets (with a net book value of $61,150,807 and $54,063,926 at December 31, 2014 and 2013, respectively) and the revenues recoverable through the special facilities charges associated with the transmission and distribution assets. These assets are excluded from the Trust Indenture and the variable and fixed rate mortgage notes are not secured under the Trust Indenture. GSEC Properties, LLC assets are also excluded from the Trust Indenture.

As of December 31, 2014, annual maturities of long-term debt for the next five years are as follows:

2015	$ 17,503,599
2016	48,230,529
2017	18,947,984
2018	19,728,014
2019	20,584,461

12. Short-Term Credit Facilities

Borrowings under short-term credit facilities are summarized as follows:

	December 31	
	2014	2013
Borrowings under Lines of Credit at Weighted Average Rates of 1.53% and 1.93%, respectively	$ 51,062,610	$ 36,568,798

In August 2012, Golden Spread obtained $125.0 million unsecured committed line of credit for short-term financing with CFC at a floating rate of interest. The line of credit has a five-year term. This line of credit is also available to provide letters of credit. There were no issued letters of credit at December 31, 2014 or 2013.

In December 2013, Golden Spread renewed its $85.0 million, unsecured committed line of credit from Bank of America that bears interest at LIBOR plus 125 basis points for a two-year term. Borrowings under this line of credit at December 31, 2014 and 2013, were $22,040,201 and $19,740,201, respectively.

In December 2013, Golden Spread renewed and increased to $60.0 million, its unsecured committed line of credit from Amarillo National Bank that has interest at LIBOR plus 150 basis points. This line of credit expires June 2016. Borrowings under this line of credit at December 31, 2014 and 2013, were $29,022,409 and $16,828,597, respectively.

13. Asset Retirement Obligation

In August 2001, the FASB issued ASC Subtopic 410-20, *Asset Retirement and Environmental Obligations*. FASB ASC Subtopic 410-20 provides accounting requirements for costs associated with the legal obligations to retire long-lived assets. Under FASB ASC Subtopic 410-20, the asset retirement obligation is recorded at fair value in the period in which it is incurred by increasing the carrying amount of the long-lived asset. In each subsequent period, the liability is accreted and the capitalized costs are depreciated over the useful life of the asset.

GSPWR adopted this statement effective with commercial operation date of the wind turbines and in 2014, FCGS also adopted the statement. GSPWR's and FCGS' asset retirement obligation is associated with the obligation to restore the land leased sites to a "green field" condition, as stated in their respective lease agreements. The net asset retirement obligation, which is reported in deferred credits in the accompanying 2014 and 2013 consolidated balance sheets, and the changes in the net liability for the years ended December 31, 2014 and 2013, are as follows:

	December 31	
	2014	2013
Beginning Balance	$ 3,188,500	$ 3,055,583
Liability Settled During the Year	–	–
Additions	627,000	–
Accretion Expense	138,700	132,917
Ending Balance	$ 3,954,200	$ 3,188,500

14. Income Taxes

At December 31, 2014 and 2013, GSPWR had a cumulative financial income of $1,684,000 and $1,065,000, respectively, and a cumulative federal tax loss carryforward of $90,746,000 and $80,551,000, respectively, (due partially to a permanent difference related to Treasury Section 1603 50% basis increase, but also to temporary differences due to accelerated tax depreciation). The related deferred tax assets of $30,854,000 and $27,388,000, computed using the corporate statutory rate of 34.0%, have been fully reduced by a valuation allowance for the amount net of other deferred tax liabilities related to accelerated depreciation of $23,389,000 and $19,712,000, respectively, based on expected net realizable value. At December 31, 2014 and 2013, FCGS had cumulative financial loss carryforwards of $14,507,000 and $5,234,000, respectively, and federal tax income of $2,575,000 and a cumulative net operating tax loss carryforward of $2,798,000, respectively. The difference between the loss carryforwards for financial and income and cumulative loss carryforwards for tax purposes is due to temporary differences from the impairment of the storage facility related to the expected shutdown in 2015. The related deferred tax assets computed using the corporate statutory rate of 34.0%, have been reduced by a valuation allowance to an expected net realizable value of $0.91 million.

15. Pension Benefits

Golden Spread provides pension benefits for substantially all of its employees through the National Rural Electric Cooperative Association Retirement and Security Program (RS Plan) and Savings Plan. The RS Plan is a defined-benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is a multiemployer plan under the accounting standards. The plan sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333. Golden Spread makes contributions to the RS Plan as required by the plan agreement. This multiemployer plan is available to all member cooperatives of NRECA. A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers. Golden Spread's contributions to the RS Plan in 2014 and in 2013 represented less than 5% of the total contributions made to the RS Plan by all participating employers. Golden Spread's contributions to the RS Plan in 2014, 2013 and 2012 were $1,972,651, $1,335,644 and $1,230,725, respectively. A significant factor that affected the comparability of total employer contributions was the increase in the number of employees covered by the plan from 2011 through 2014. In the RS Plan, a "zone status" determination is not required, and therefore, not determined, under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the RS Plan was more than 80% funded on January 1, 2014 and 2013, based on the PPA funding target and PPA actuarial value of assets on those dates. Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

At the December 2012 meeting of the Insurance and Financial Services (I&FS) Committee of the NRECA Board of Directors, the Committee approved an option to allow participating cooperatives in the RS Plan to make a contribution prepayment and reduce future required contributions. The prepayment amount is a cooperative's share, as of January 1, 2013, of future contributions required to fund the RS Plan's unfunded value of benefits earned to date using RS Plan actuarial valuation assumptions. After making the prepayment, for most cooperatives the billing rate is reduced by approximately 25%, retroactive to January 1, 2013. The 25% differential in billing rates is expected to continue for approximately 15 years. However, changes in interest rates, asset returns and other plan experience different from expected, plan assumption changes and other factors may have an impact on the differential in billing rates and the 15-year period. On March 29, 2013, Golden Spread made a prepayment of $3,621,760 to the NRECA RS Plan. Golden Spread is amortizing this amount over 10 years.

The Savings Plan has been established under Code Section 401(k) of the Internal Revenue Code, as a defined-contribution plan. Under the Savings Plan, Golden Spread matches employee contributions up to a maximum of 4.0% of each participating employee's salary. Employer contributions to the plan for the years ended December 31, 2014, 2013 and 2012 were $301,158, $217,551 and $157,134, respectively.

Golden Spread has a deferred compensation plan to provide supplemental retirement benefits for certain highly compensated employees. At December 31, 2014 and 2013, the liability associated with the deferred compensation plan was $940,397 and $877,968, respectively. Such amounts are included in deferred credits in the accompanying financial statements.

In addition, under the NRECA-sponsored deferred compensation plan, Golden Spread has been required to make contributions to NRECA to offset the ultimate funding of the liability by Golden Spread. Investments of $940,397 and $877,968 are included in other charges in the accompanying consolidated financial statements at December 31, 2014 and 2013, respectively. Upon the retirement of any employees who are participants in the plan, Golden Spread will fully fund any liability to the employee and NRECA will provide Golden Spread with a credit of an equal amount, which will be used to reduce Golden Spread's required future contributions to the defined-benefit pension plan discussed in the first paragraph of this section.

16. Significant Customers

Golden Spread has three Members whose power purchases typically represent at least 10% of Golden Spread's annual power sales to its Members. For each of the three years ended December 31, 2014, sales to South Plains Electric Cooperative, Inc. represented 14% to 15% of sales to Members (13% to 14% of total sales). In the same periods, sales to Deaf Smith Electric Cooperative, Inc. represented 11% to 12% of sales to Members (10% to 12% of total sales) and sales to Lyntegar Electric Cooperative, Inc. represented 11% to 12% of sales to Members (10% to 11% of total sales).

17. Commitments and Contingencies

Golden Spread is a party to a Replacement Power Sales Agreement (RPSA) with Southwestern Public Service Company (SPS), a wholly owned subsidiary of Xcel Energy. The RPSA has a seven-year term, with Golden Spread purchasing 500 MW from April 20, 2012 to May 31, 2015, 300 MW from June 1, 2015 to May 31, 2017 and 200 MW from June 1, 2017 to April 30, 2019. The agreement terminates in May 2019.

Golden Spread serves all of its Members' loads in ERCOT with power purchased pursuant to two partial-requirements wholesale power agreements with AEP Energy Partners, Inc. (AEPEP) that commenced on January 1, 2014, and expire on May 31, 2016. Golden Spread also executed a one-year contract with AEPEP in June 2013 for the contract period June 1, 2016 through May 31, 2017. This contract contains similar terms and conditions as the prior agreements but also consolidated the two agreements into one contract.

Golden Spread is obligated under a 20-year power purchase agreement to purchase all the energy produced by a 100.8 MW wind farm located in central Oklahoma, which began commercial operation in December 2012. Golden Spread's obligation requires payment of a fixed rate per megawatt-hour for all energy produced. The rate remains the same through the termination of the contract in December 2032.

Golden Spread is obligated under a 20-year power purchase agreement to purchase all the energy produced by a 100.3 MW wind farm located in northwest Oklahoma, which began commercial operation in December 2014. Golden Spread's obligation requires payment of a fixed rate per megawatt-hour for all energy produced through the termination of the contract in December 2034.

On August 15, 2013, FERC issued three decisions related to a series of SPS's production cost rate cases initiated in 2004, 2006 and 2008. In these decisions, FERC reversed its 2008 decision in Opinion No. 501. The 2008 decision had changed the method employed by SPS for decades to allocate SPS fixed capacity costs. This 2008 FERC decision required moving away from allocating costs based on the coincident peak demand of the three summer months (3 CP) and instead required allocating costs based on the coincident peak demand of all 12 months (12 CP) of the year. This change resulted in additional capacity costs being assigned to Golden Spread. In its August 15, 2013, decision, Opinion No. 501-A, FERC granted Golden Spread's request for rehearing, reversed its 2008 decision in Opinion No. 501 and reinstated the 3 CP method of cost allocation. This reversal and FERC's companion decisions issued at the same time affect the rates that Golden Spread had paid to SPS dating back to July 1, 2006, and prospectively. FERC ordered SPS to refund to Golden Spread the difference in the rates Golden Spread would have paid had the 3 CP been in effect rather than the 12 CP method that was used during this period. Unless reversed, the FERC ruling entitles Golden Spread to refunds with interest of not less than $37.9 million, as calculated through August 31, 2013, according to SPS's FERC refund report. Golden Spread would also be entitled to additional refunds beyond that date based on the FERC ruling. By using the refund calculation methodology employed by SPS in its refund report to FERC, this would yield a refund with interest of approximately $44.0 million through December 31, 2014.

SPS and certain New Mexico cooperatives have filed requests for rehearing seeking another reversal by FERC or alternatively that FERC eliminate some or all of the refunds to Golden Spread on equitable grounds. Golden Spread has responded requesting FERC to expeditiously rule on the rehearing requests, affirm its decision to employ the 3 CP method and reject the arguments that the requirement for refunds should be eliminated or reduced. FERC's second decision on rehearing is subject to further challenge in the federal courts of appeal. Any amounts received by Golden Spread will be flowed through to its Members under existing tariff and contractual arrangements.

On January 30, 2015, SPS filed a new rate case before FERC to prospectively revise the rate design in six separate cost-based power supply agreements, including the Golden Spread agreement. The primary purpose of the rate case was to once again raise the application of the 12 CP demand allocation methodology that was rejected in Opinion No. 501-A. SPS requested a February 1, 2015, effective date. Golden Spread is opposing this filing. Resolution of this case will not affect the prior case, including the refund amounts that may be owed to Golden Spread as a result of Opinion No. 501-A.

Since 2012, Golden Spread has filed three complaints at FERC against Xcel Energy seeking a reduction in the rate of return on common equity included in SPS's wholesale production and transmission rates charged to Golden Spread. The complaints have been set for hearing by FERC and are pending. If Golden Spread is successful, SPS will be required to issue refunds for prior periods, beginning April 20, 2012, and lower future rates. Initial decisions are anticipated in November 2015 and January 2016, and thereafter, will be subject to FERC review.

With respect to Golden Spread's own FERC jurisdictional rate, we received approval from FERC to implement new rates beginning January 1, 2014. The overall tariff change was revenue neutral. The new rate remains a formula rate that allows recovery of all of our costs plus a margin. The new rates continue to include the ability to modify margin contribution levels with our Board's approval and simplify allocations, add billing options and increase flexibility in offering additional services to Golden Spread's Members. Golden Spread also began charging a third-party generation developer under a long-term contract for transmission service under its FERC-approved Open Access Transmission Tariff. The Golden Spread tariff provides the rates, terms and conditions for wheeling over Golden Spread's facilities that are owned on behalf of certain of its Members pursuant to a Special Facilities Agreement.

In 2012 and 2013, Golden Spread entered into a contract to purchase generation equipment for delivery in 2014. Payments commenced on this obligation in 2012 and continued through 2014. At December 31, 2014 and 2013, approximately $1.1 million and $39.5 million, respectively, remained payable under this contract.

18. Disclosures about Fair Value of Financial Instruments

The fair value for cash and cash equivalents, other investment securities, short-term investment securities, accounts receivable, notes payable and accounts payable approximates fair value given the short period to maturity of these instruments. Long-term variable interest notes reprice frequently at market rates; therefore, the carrying amounts approximate fair value.

Many of Golden Spread's long-term fixed rate obligations included in the accompanying consolidated financial statements are obligations that lack an available market with similar terms, conditions and maturities. Therefore, Golden Spread used Level 2 inputs in determining the fair value of its long-term debt.

The fair value of Golden Spread's CFC fixed rate long-term debt is calculated by computing the net present value of the individual notes using the current CFC market rate and other inputs to assist in determining a discount rate to be used in determining the fair value of the CFC fixed rate long-term debt.

The fair value of the senior secured notes is estimated by computing the net present value for each note, using current market interest rates and credit spreads for debt with similar attributes to assist in determining a market rate to be used in determining the fair value of the senior secured notes.

The following table presents the carrying amounts and estimated fair value of Golden Spread's financial instruments at December 31, 2014 and 2013. The carrying amounts shown in the table are included in the consolidated balance sheets.

	2014		2013	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets:				
Cash and Cash Equivalents	$ 135,579,485	$ 135,579,485	$113,300,927	$ 113,300,927
Other Investment Securities	–	–	–	–
Short-Term Investment Securities	–	–	53,810,000	53,810,000
Accounts Receivable	32,278,938	32,278,938	34,190,969	34,190,969
Financial Liabilities:				
Mortgage Notes Including Current Maturities of Long-Term Debt:				
CFC Long-Term Debt	$ 52,236,300	$ 51,764,201	$ 51,872,163	$ 47,061,384
5.75% Senior Secured Notes	36,378,400	41,525,061	38,843,100	44,075,468
5.00% Senior Secured Note	73,580,325	84,936,557	74,723,075	77,569,863
4.95% Senior Secured Notes	142,904,530	163,763,848	145,392,957	150,734,640
4.35% Senior Secured Notes	224,770,772	239,800,972	233,554,669	234,535,075
2.74% Senior Secured Notes	30,000,000	30,492,122	30,000,000	30,708,912
Total Mortgage Notes	$ 559,870,327	$ 612,282,761	$574,385,964	$ 584,685,342
Notes Payable	$ 51,062,610	$ 51,062,610	$ 36,568,798	$ 36,568,798
Accounts Payable	33,137,889	33,137,889	31,805,788	31,805,788

The carrying amounts shown in the table are included in the consolidated balance sheets under the indicated captions.

The fair value of Golden Spread's CFC fixed rate long-term debt is calculated by computing the present value of the individual notes to the next repricing date using a discount rate that is the current CFC fixed interest rate available for long-term debt. The fair value of the senior secured notes is calculated using the discount rate that represents the estimated rate at which Golden Spread could borrow those funds at December 31, 2014.

The financial debt liabilities in the table above are considered Level 2 due to the availability of observable inputs for the asset or liability, either directly or indirectly, for substantially the full term of the liability. All other financial instruments are considered Level 1.

19. Leases

Golden Spread has several operating leases consisting of a warehouse lease, two office space leases, and several land leases related to the Golden Spread Panhandle Wind Ranch (GSPWR). The lease for the headquarter office space in Amarillo, Texas, is included through March 20, 2014, when Golden Spread purchased the building through its newly organized wholly owned subsidiary, GSEC Properties, LLC (see note 3). The lease amounts for 2014, 2013 and 2012 are as follows:

	2014	2013	2012
Warehouse Lease	$ 203,151	$ 205,282	$ 190,157
Headquarter Office Space	139,615	479,173	375,360
Lubbock Office Space	118,500	39,500	–
Wind Ranch Land Lease – Minimum Rent	712,498	712,498	712,498
Wind Ranch – Production Royalty Payments	202,570	215,869	119,424
Total	$1,376,334	$1,652,322	$1,397,439

In 2007, Golden Spread entered into a warehouse lease with an initial term of one year with nine one-year extensions available. The lease for the Lubbock office space is from April 1, 2013 through March 31, 2023. The future lease payments are listed below:

	Lubbock Office	Wind Ranch Land Lease
2015	$ 118,500	$ 712,498
2016	118,500	712,498
2017	118,500	712,498
2018	118,500	740,874
2019	118,500	740,874

Golden Spread's subsidiary, GSPWR has 34 wind turbines that were installed on land that has nine separate land leases. Upon commencement of commercial operations in September 2011, and the beginning of the first extended lease term, GSPWR is obligated to pay land lease payments comprised of minimum rent payments and production royalty payments of 6.0% of production that exceed the minimum rent payments.

20. Subsequent Events

Golden Spread and Prudential Investment Management, Inc. (Prudential) executed a two-year financing arrangement on January 9, 2015. Golden Spread and CFC executed a similar two-year financing arrangement on January 23, 2015. These financing arrangements facilitate an expedited process for Golden Spread to borrow funds and for Prudential and CFC to loan funds, assuming that each party independent of the other party decides to pursue such a transaction. No party has any obligation to borrow or loan funds pursuant to this agreement. These financing arrangements established terms and conditions, maximum financing capacity and a process by which Golden Spread can request rate quotes and Prudential and CFC can provide rate quotes, if Prudential and CFC choose to do so. This process related to rate quotes allows each party to make a decision about whether or not to borrow or loan funds. Any notes issued pursuant to these financing arrangements would be secured under Golden Spread's Trust Indenture.

On February 18, 2015, Golden Spread locked in a rate of 3.82% for a $40.0 million 30-year level payment, amortizing loan with Prudential. This loan closed on March 16, 2015. On February 19, 2015, Golden Spread locked in a rate of 3.75% for a $40.0 million 30-year level payment, amortizing loan with CFC. This loan closed on March 18, 2015. For these two transactions, Golden Spread used $88.0 million of its bondable additions. The proceeds were used for general corporate purposes, including, but not limited to, refinancing short-term liquidity.

Golden Spread's management has evaluated subsequent events through April 10, 2015, the date at which the consolidated financial statements were available for issue. No other events have occurred that meet the criteria for disclosure set forth by the FASB ASC.

5-YEAR SUMMARY OF CONDENSED FINANCIAL DATA AND STATISTICAL INFORMATION

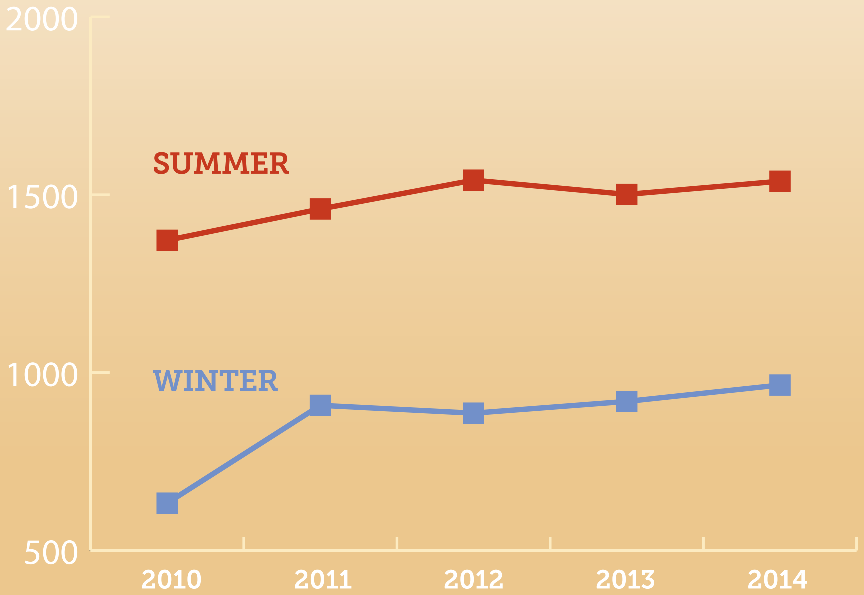
	2014	2013	2012	2011	2010
Condensed Consolidated Income Statement Data (000)					
Operating Revenues	**$ 515,653**	$ 459,448	$ 383,348	$ 456,971	$ 396,927
Operating Expenses					
Fuel, Purchased Power and Transmission	**$ 346,047**	$ 303,600	$ 248,416	$ 331,891	$ 312,629
Plant Operations and Maintenance	**19,793**	24,547	15,005	10,144	6,825
Administrative and General	**26,885**	22,354	19,046	19,476	14,619
Depreciation and Amortization	**38,089**	35,616	26,176	19,787	8,677
Taxes Other Than Income Taxes	**5,663**	5,358	5,448	4,415	1,960
Other Operating Expenses	**9,306**	7,380	6,252	8,998	4,198
Total Operating Expenses	**$ 445,783**	$ 398,855	$ 320,343	$ 394,711	$ 348,908
Operating Margins-before Fixed Charges	**$ 69,870**	$ 60,593	$ 63,005	$ 62,260	$ 48,019
Fixed Charges	**26,331**	24,446	23,016	17,421	7,742
Operating Margins-after Fixed Charges	**$ 43,539**	$ 36,147	$ 39,989	$ 44,839	$ 40,277
Nonoperating Margins	**(11,594)**	138	711	2,198	6,853
Net Margins	**$ 31,945**	$ 36,285	$ 40,700	$ 47,037	$ 47,130
Condensed Consolidated Balance Sheet Data (000)					
Utility Plant, net	**$ 730,157**	$ 652,145	$ 633,977	$ 567,615	$ 436,242
Other Property and Investments	**135,027**	137,914	42,565	72,597	54,467
Cash, Cash Equivalents and Short-Term Investment Securities	**135,579**	167,111	197,320	119,833	38,582
Other Current Assets	**61,957**	59,126	58,629	117,166	49,053
Other Assets	**13,968**	17,888	6,918	6,606	5,375
Total Assets	**$ 1,076,688**	$ 1,034,184	$ 939,409	$ 883,817	$ 583,719
Patronage and Contributed Capital	**$ 395,914**	$ 371,468	$ 342,184	$ 301,483	$ 265,676
Accumulated Comprehensive Loss	**-**	-	-	-	(14,250)
Total Members' Equity	**$ 395,914**	$ 371,468	$ 342,184	$ 301,483	$ 251,426
Long-Term Debt, excluding current maturities	**$ 542,367**	$ 557,584	$ 484,603	$ 483,911	$ 133,308
Current Liabilities	**131,379**	99,227	107,716	93,908	183,282
Deferred Credits	**7,028**	5,905	4,906	4,515	15,703
Total Liabilities	**$ 680,774**	$ 662,716	$ 597,225	$ 582,334	$ 332,293
Total Members' Equity and Liabilities	**$ 1,076,688**	$ 1,034,184	$ 939,409	$ 883,817	$ 583,719
Other Financial and Statistical Data					
Energy Sales					
Energy Sales to Members (MWh)	**6,928,717**	7,024,404	6,782,400	7,015,824	5,453,317
Energy Sales to Nonmembers (MWh)	**877,076**	396,538	263,448	1,004,945	1,356,177
Total Energy Sales (MWh)	**7,805,793**	7,420,942	7,045,848	8,020,769	6,809,494
Member Peak Demand (MW)	**1,538**	1,501	1,541	1,460	1,372
Member System Load Factor (%)	**51.43**	53.42	50.11	54.86	45.37
Energy Generated (MWh)	**3,008,848**	2,460,478	3,239,621	1,706,608	746,079
Energy Purchased (MWh)	**4,981,174**	5,113,921	3,991,904	6,485,254	6,211,504
Average Rate to Members ($/MWh)	**$ 66.98**	$ 61.77	$ 54.70	$ 58.47	$ 60.98
Average Natural Gas Price ($/MMBtu)	**$ 4.50**	$ 3.80	$ 2.76	$ 4.14	$ 4.34
Financial Ratios					
Equity/Capitalization (%)	**39**	38	39	37	50
Debt Service Coverage (DSC) Ratio	**2.46**	2.41	2.46	2.98	3.60
Debt/Funds Available for Debt Service	**5.62**	6.28	5.99	5.79	4.07
Net Plant/Net Debt	**1.54**	1.47	1.87	1.51	2.14
Days Cash on Hand	**114**	157	184	127	47

Strengthening Our Structure

ENERGY AND FINANCIAL CHARTS

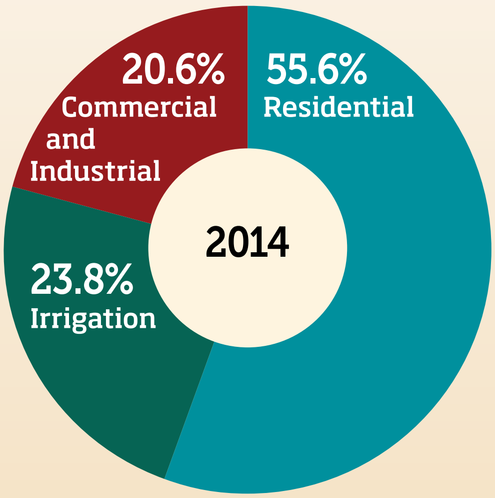
COINCIDENT DEMAND
(Megawatts)

Peak loads are affected by weather conditions and general load growth in the Members' service territories. Peak loads have increased from 2011 to 2014 over prior years due to load growth.



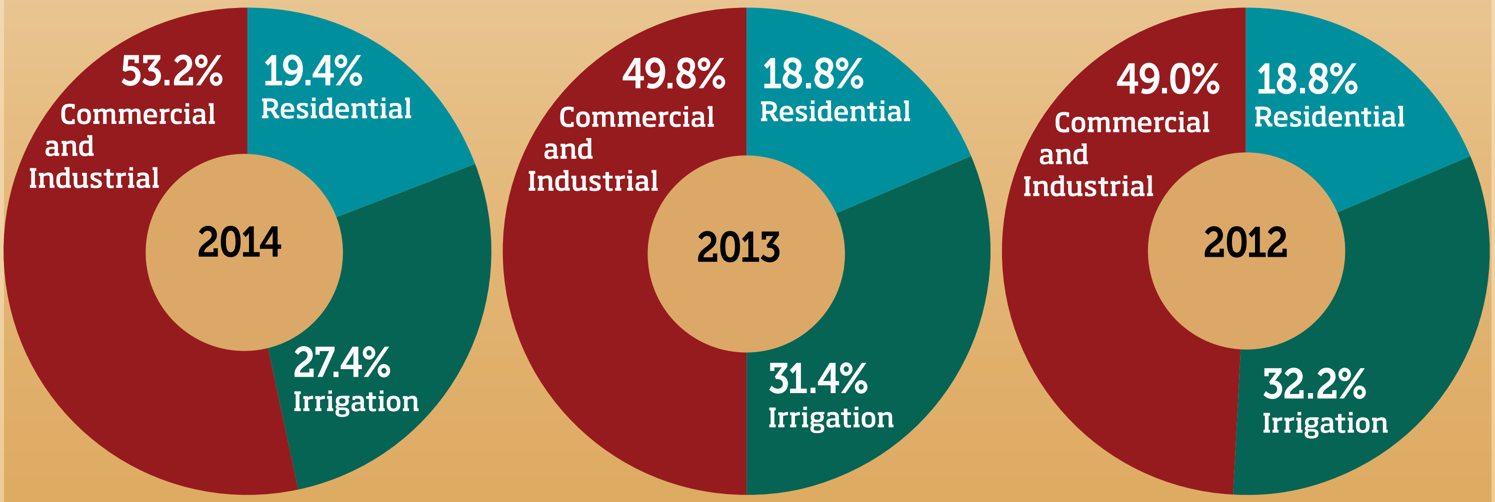
RATE CLASSIFICATION

The composition of Member-Consumers by rate classification remains stable from year to year.



USAGE BY RATE CLASSIFICATION

Weather conditions affect the mix of energy sales by classification – particularly the level of irrigation sales, which generally range from 20% to 30% of total energy sales. Drought conditions continued through 2012 and 2013. However, 2014 experienced a near normal rainfall resulting in normal irrigation sales.



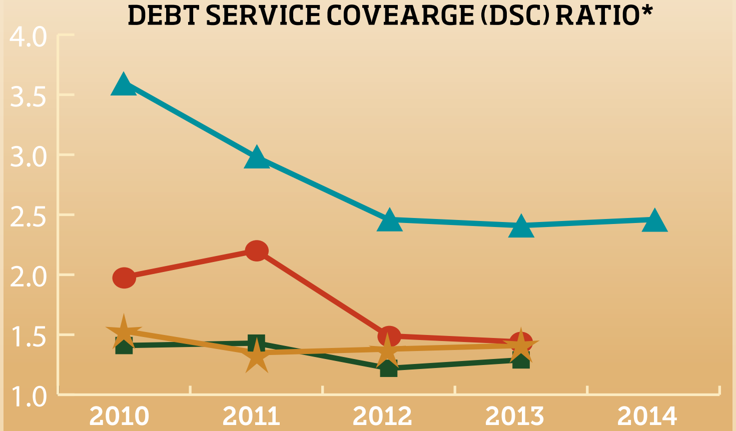
AVERAGE NATURAL GAS PRICE
($/MM Btu)

Natural gas prices have a direct effect on Member rates.

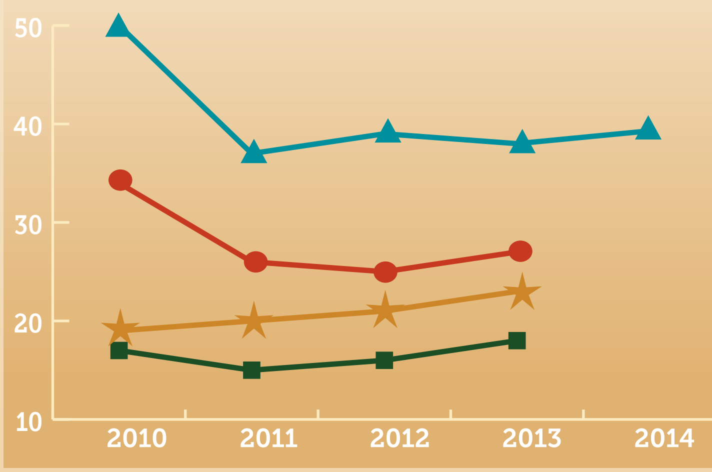
AVERAGE RATE TO MEMBERS
(Dollars per MWh)

Base rates have ranged from $25.28/MWh to $32.71/MWh over the past five years. Fuel and purchased power energy costs ranged from $26.57/MWh to $34.27/MWh.

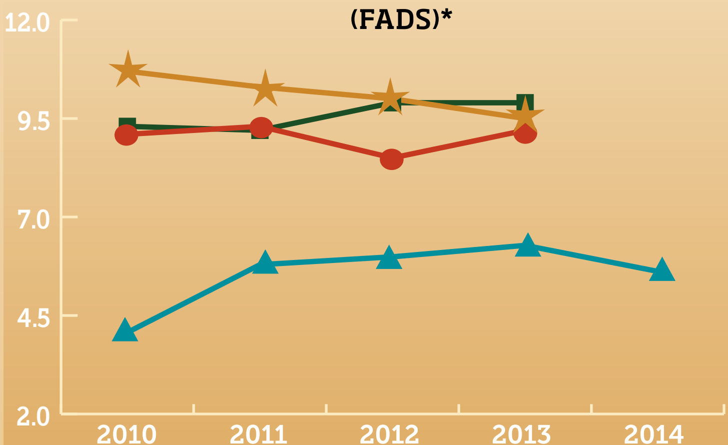
DEBT SERVICE COVEARGE (DSC) RATIO*



EQUITY-TO-CAPITALIZATION (%)*



DEBT-TO-FUNDS AVAILABLE FOR DEBT SERVICE (FADS)*



● G&Ts rated A+ and above*

★ A rated G&Ts*

■ A- rated G&Ts*

▲ Golden Spread (A rated by Fitch Ratings)

Golden Spread has been planning for its capital expansion by accumulating equity and producing margins in excess of the average ratios of other generation and transmission cooperatives.

In June 2013, Fitch Ratings reaffirmed its A rating on Golden Spread's 2005 Series senior secured debt with a stable outlook.

* Data provided by Fitch Ratings' U.S. Public Power Peer Studies. Amounts for 2014 were not available at time of printing.

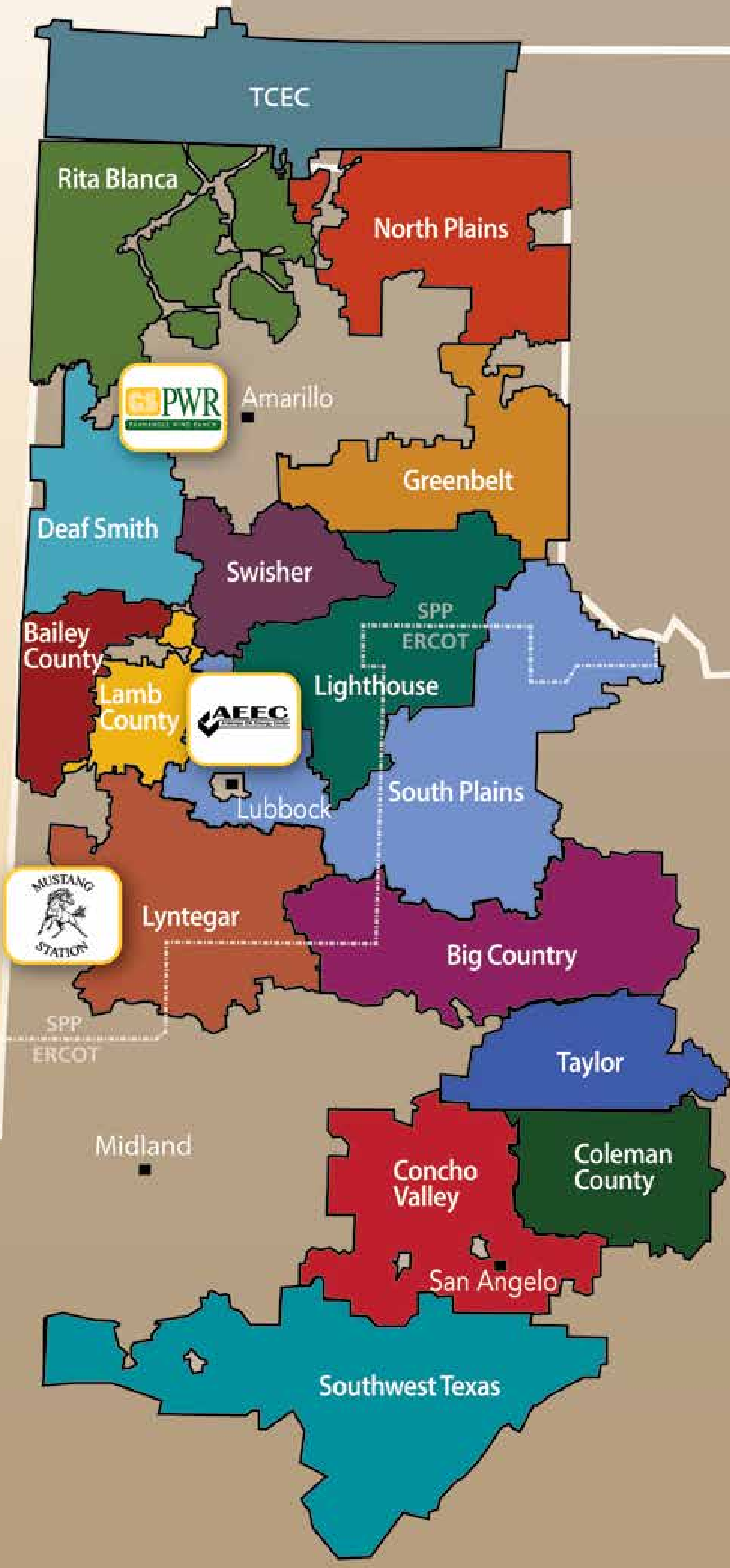
MEMBER COOPERATIVES' INFORMATION

2014 SUMMARY (dollars in thousands)	BAILEY COUNTY	BIG COUNTRY	COLEMAN COUNTY	CONCHO VALLEY	DEAF SMITH	GREENBELT
Number of Employees	42	62	32	59	52	38
Total Services in Place	9,578	22,735	12,548	17,202	16,440	6,614
Miles of Line	2,879	5,297	3,772	4,281	4,902	2,545
Peak Demand (kW - NCP)	95,573	44,995	32,106	58,367	196,585	47,767
Sales (MWh)	296,066	260,937	122,563	295,431	698,255	287,510
Net Utility Plant	$ 49,779	$ 54,121	$ 16,430	$ 66,207	$ 42,620	$ 30,949
Assets	$ 83,845	$ 79,075	$ 29,463	$ 92,568	$ 106,785	$ 43,554
Margins Plus Equities	$ 41,536	$ 41,610	$ 17,318	$ 39,563	$ 88,523	$ 16,165
Revenues	$ 34,159	$ 30,632	$ 13,442	$ 34,090	$ 69,633	$ 27,842
Cost of Purchased Power	$ 25,596	$ 19,042	$ 8,837	$ 21,056	$ 54,582	$ 19,774
Interest on Long-Term Debt	$ 1,136	$ 1,160	$ 462	$ 1,522	$ 310	$ 859
Net Margins	$ 2,122	$ 2,424	$ 1,174	$ 3,925	$ 8,349	$ 2,429
DSC	6.15	2.16	2.07	1.86	22.57	2.49
Equity Ratio (%)	49.54	52.62	58.78	42.74	82.90	37.11
Net Plant to Net Debt	1.37	2.07	2.09	1.63	(9.60)*	1.40

	LAMB COUNTY	LIGHTHOUSE	LYNTEGAR	NORTH PLAINS	RITA BLANCA	SOUTH PLAINS
Number of Employees	44	40	110	44	32	149
Total Services in Place	13,690	10,607	26,035	7,054	8,434	64,419
Miles of Line	3,161	4,414	7,042	3,757	3,294	9,800
Peak Demand (kW - NCP)	114,121	90,953	201,932	94,350	97,575	333,978
Sales (MWh)	373,137	221,226	698,470	374,566	439,693	1,580,496
Net Utility Plant	$ 49,616	$ 46,013	$ 127,544	$ 49,033	$ 39,191	$ 201,344
Assets	$ 82,232	$ 79,014	$ 204,052	$ 76,472	$ 74,039	$ 308,642
Margins Plus Equities	$ 42,349	$ 42,807	$ 106,614	$ 45,266	$ 57,186	$ 126,874
Revenues	$ 38,091	$ 27,171	$ 76,313	$ 39,447	$ 42,046	$ 143,120
Cost of Purchased Power	$ 28,826	$ 17,595	$ 53,325	$ 28,307	$ 32,218	$ 114,341
Interest on Long-Term Debt	$ 1,336	$ 1,515	$ 3,384	$ 881	$ 436	$ 5,232
Net Margins	$ 2,225	$ 2,236	$ 6,230	$ 6,331	$ 6,638	$ 5,749
DSC	1.45	1.76	2.08	3.72	8.06	1.60
Equity Ratio (%)	51.50	54.18	52.25	59.19	77.24	41.11
Net Plant to Net Debt	1.56	1.49	1.71	1.11	11.51*	1.52

	SOUTHWEST TEXAS	SWISHER	TAYLOR	TCEC	TOTAL
Number of Employees	46	38	82	94	964
Total Services in Place	13,379	9,608	25,308	23,168	286,819
Miles of Line	5,296	3,673	4,868	5,456	74,438
Peak Demand (kW - NCP)	30,284	75,129	117,893	169,242	1,800,850
Sales (MWh)	262,584	194,399	302,531	1,003,063	7,410,926
Net Utility Plant	$ 43,425	$ 26,111	$ 87,294	$ 223,363	$ 1,153,040
Assets	$ 63,599	$ 58,164	$ 125,736	$ 290,075	$ 1,797,315
Margins Plus Equities	$ 42,019	$ 36,165	$ 52,827	$ 77,974	$ 874,795
Revenues	$ 26,909	$ 23,869	$ 42,237	$ 103,724	$ 772,723
Cost of Purchased Power	$ 17,943	$ 17,348	$ 23,906	$ 63,373	$ 546,069
Interest on Long-Term Debt	$ 381	$ 531	$ 3,230	$ 8,748	$ 31,124
Net Margins	$ 2,631	$ 2,347	$ 3,290	$ 8,649	$ 66,751
DSC	3.72	2.53	1.65	1.64	2.35
Equity Ratio (%)	66.07	62.18	42.01	26.88	48.67
Net Plant to Net Debt	3.52	2.46	1.35	1.37	1.66

* Deaf Smith's cash and investments are greater than its debt, resulting in a negative Net Plant to Net Debt ratio. Rita Blanca's total cash and investments are approximately the same as its total debt, resulting in a high Net Plant to Net Debt ratio.



GOLDEN SPREAD ELECTRIC COOPERATIVE, INC. OWNED POWER GENERATION FACILITIES

GSPWR – Golden Spread Panhandle Wind Ranch (Units 1-34)

AEEC – Antelope Elk Energy Center
Antelope Station (Units 1-18)
Elk Station (Unit 1 – summer 2015)

Mustang Station
Combined Cycle (Units 1-3)
Simple Cycle (Units 4-6)

GOLDEN SPREAD MEMBER SYSTEMS

Bailey County
Big Country
Coleman County
Concho Valley
Deaf Smith
Greenbelt
Lamb County
Lighthouse
Lyntegar
North Plains
Rita Blanca
South Plains
Southwest Texas
Swisher
Taylor
TCEC

Golden Spread
Electric Cooperative, Inc.

A Touchstone Energy℠ Cooperative

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