

GOLDEN SPREAD ELECTRIC COOPERATIVE, INC.

# 410

*years*

CELEBRATING OUR LEGACY,  
CREATING OUR FUTURE

2023  
ANNUAL  
REPORT

# It's Been 40 Years!

*Celebrating an anniversary is a great time to take a stroll down memory lane.*

Let's recall what was going on in

# 1984

Bruce Springsteen rocked the charts with "Born in the USA"

A brand-new Corvette could be yours for \$23,000

"Ghostbusters" haunted the big screen as a blockbuster hit

Apple revolutionized technology with the release of the Macintosh computer

A trip to the movies was a steal at \$2.50

Mary Lou Retton leapt into fame as a celebrated Olympian gymnast

AND

**Golden Spread Electric Cooperative was established!**

The start-up phase was an exciting time, as a small team supported by industry consultants laid the groundwork for the cooperative's structure and guiding principles. Initially, Golden Spread was comprised of 11 Member Cooperatives, each contributing two Board Members to constitute the Golden Spread Board of Directors.

Over time, Golden Spread's membership grew to include 16 Members. Those Members joined with a true cooperative spirit, realizing the benefits of being an integral partner with other cooperatives.

Driven by this collective spirit, Golden Spread's aspirations soared to new heights.

Strategic Board decisions led to the construction of Mustang Station near Denver City, Texas, to meet peak load needs. Mustang Station not only fulfilled its initial role but also became a reliable year-round power source for our Members.

The early 2010s marked a pivotal era, as the Golden Spread Board charted a transformative course. Transitioning from primarily purchasing power to directly sourcing our own power supply, we established the Antelope Elk Energy Center near Abernathy, Texas, and cleared all the regulatory hurdles to connect the facility to both the Electric Reliability Council of Texas and Southwest Power Pool. This shift redefined Golden Spread's operations, expanding our generation capacity, growing our workforce, and much more.

Like our peers in the electric industry, we've faced trials from severe weather, shifts in demand and supply due to new technologies and evolving regulatory and market landscapes. Today, we stand proud, having met four decades of challenges with cooperative strength.

# 1984-1995 Highlights

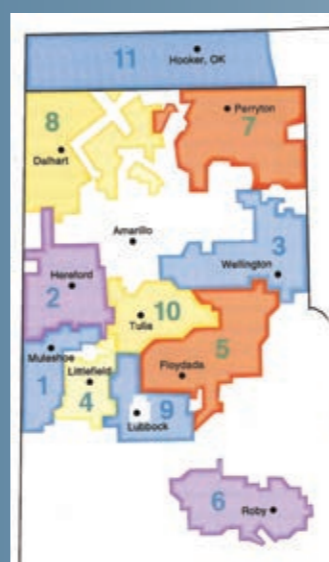
- 1984**
  - Golden Spread incorporated January 9; 11 Cooperatives join
  - Robert W. Bryant hired as General Manager
  - SPS files 1984 rate increase, Cooperatives oppose
- 1985**
  - SPS files 1985 rate increase, Cooperatives oppose
  - First power requirement study completed
- 1986**
  - Member contract developed
- 1987**
  - Initial rates filed with FERC
  - FERC rejects SPS challenge, accepts Golden Spread's rates
  - Sales to Members begin
- 1988**
  - Section 206 allows wholesale customers to seek reductions, refunds
  - Section 206 rate complaint filed against SPS seeking lower rates, refunds
- 1989**
  - SPS reduces rates to wholesale customers except Golden Spread unless Partial Requirements Option surrendered
- 1990**
  - 1989 rate complaint against SPS settled for substantial rate reduction
  - Board establishes target equity plan goal of \$4.5 million by 1997
- 1991**
  - Began exploring power supply options
- 1992**
  - New interruptible irrigation load management program adopted
  - Revises equity target to \$14 million by 1997
- 1994**
  - Generating project begins
- 1995**
  - Wholesale contract evolves to include system service and dedicated service rates
  - Texas law changes, PUCT favors exempt wholesale generators
  - Golden Spread files application to build Mustang Station



The term "Golden Spread" was coined in 1954 by announcer Bob Izzard of Amarillo radio station KGNC to promote the good weather and travel conditions in the Panhandle area. The word "golden" was chosen to suggest sunshine and the word "spread" was picked as an appropriate reference for the large farm and ranch holdings predominant in the region.

Golden Spread was chosen for our name because it signifies the great potential of the land and the people of this area.

- 1984 ORIGINAL 11 MEMBERS**
1. Bailey County
  2. Deaf Smith
  3. Greenbelt
  4. Lamb County
  5. Lighthouse
  6. Midwest
  7. North Plains
  8. Rita Blanca
  9. South Plains
  10. Swisher
  11. Tri-County



**James T. Hull**  
President, 1983-1987  
Board Chairman  
1983-1987, 1988-1991



**Mustang Station Groundbreaking**



**J. C. Roberts**  
Board Chairman  
1987



**Robert L. Elliott**  
Board Chairman  
1991-1996



**Billy C. Harbin**  
Board Chairman  
1997-2007



**James Driver**  
Board Chairman  
2008-2011



**Stan McClendon**  
Board Chairman  
2012-2021



**1988 Board of Directors**



**Kelly Lankford**  
Board Chairman  
2022-present



**Bob Bryant addresses dignitaries at the Mustang Station Dedication Ceremony**

An official of the construction company (center) gives a tour of Mustang Station to Senator Teel Bivins (left) and Bill Harbin (right)



**2003**  
**Five New Member Cooperatives Added:**  
Coleman County  
Concho Valley  
Lyntegar  
Southwest Texas  
Taylor  
(Midwest becomes Big Country)

# 1996-2007 Highlights

- 1996**
  - LS Power and SPS propose three-party deal to build Mustang Station
- 1997**
  - Key agreements for Mustang Station finalized
- 1998**
  - Settlement agreement is reached with SPS
- 1999**
  - Mustang Station Units 1 and 2 begin operating
  - Texas Legislature passes retail competition bill
- 2000**
  - Mustang Station steam turbine-generator completed, combined-cycle operations begin
  - Sales of surplus energy to SPS begins
- 2001**
  - Texas Legislature delays retail competition in SPS area
- 2002**
  - Margins soar to \$19 million, best financial performance to date
- 2003**
  - Margins approach \$22 million
  - Dispute with SPS settled, SPS pays \$5 million plus \$2-3 million benefits annually
  - Five new Members join, inject \$11 million cash
- 2004**
  - Service to ERCOT Member loads begins
  - Common rate for all Members established
  - ERCOT members contribute additional \$6 million
  - GE 7-FA combustion turbine-generator purchased for new Peaking Plant
  - Seek first credit rating
- 2005**
  - First private placement debt issued at \$55 million, Fitch Ratings assigns A- Senior Secured Rating
- 2006**
  - Mustang Station Unit 4 begins operating
- 2007**
  - Mustang Station Unit 5 begins operating
  - New replacement power supply agreement negotiated for 2012-2019
  - Disputes with SPS settled



Fort Concho Gas Storage formed, acquired gas storage and oil production properties



Golden Spread Panhandle Wind Ranch (GSPWR)



Mark Schwirtz becomes President and General Manager on December 9, 2008, succeeding Bob Bryant, who served for 24 years



Antelope Station



2020 rotor swap at Mustang Station



Antelope Station renamed to Antelope Elk Energy Center in 2013



Kari Hollandsworth becomes President and CEO on September 2, 2020 (shown here with her predecessor Mark Schwirtz)

# 2014 - 2023 Highlights

**2014**

- Adopted new vision: Trusted, Innovative and Flexible, We Deliver Competitive Energy Solutions

**2015**

- First of three new GE 7F.05 combustion turbines achieved commercial operation at Antelope Elk Energy Center (AEEC)
- Construction began on two sister units at AEEC
- Sharyland began construction on the associated grid-switching equipment necessary to switch units at AEEC between ERCOT and SPP

**2016**

- Focus on vision of delivering competitive energy solutions
- Strategic load growth continued focus
- Refining and responsive to renewable resources

**2017**

- Emphasis on bringing additional products and services to Members
- Increased sophistication in market operations

**2019**

- Work toward completion of Transmission Operations Center

**2020**

- Kari Hollandsworth named President and CEO

**2021**

- Transmission Operations Center is established
- Winter Storm Uri hits Texas, leads to extreme power prices; strong Membership keeps Golden Spread stable

"Focus on 2020" launch event



# 2008 - 2013 Highlights

**2008**

- Mark Schwirtz joins as President and General Manager
- Patronage and contributed capital exceed \$200 million
- Fitch Ratings affirms A- Rating
- Moody's issues A3 (senior unsecured) Rating
- Standard & Poor's issues A Rating

**2009**

- Planned a new generation resource to increase ability to take advantage of renewable resources
- Successfully applied for a \$17 million grant from DOE to accelerate the development of Smart Grid technology by Members

**2010**

- Built 18 engines at Antelope Station
- Development of three major energy projects
  - Antelope Station
  - Golden Spread Panhandle Wind Ranch
  - Fort Concho Gas Storage Facility

**2011**

- Antelope Station reaches commercial operation
- GSPWR reaches commercial operation
- Secured \$430 million through private equity markets to help pay for new capital projects

**2012**

- Initiated construction of 163 MW of new generation at Mustang Station

**2013**

- Reached \$1 billion in total assets
- Expanded generation facilities, achieving operation of Mustang Station Unit 6

# Key Data

	2023	2022
<b>CONDENSED CONSOLIDATED INCOME STATEMENT DATA</b>		
Operating Revenues	\$ 561,492,855	\$ 749,459,580
Operating Expenses	527,085,348	707,865,643
Operating Margins, Before Fixed Charges	34,407,507	41,593,937
Fixed Charges Before AFUDC	27,283,262	27,154,856
Non-Operating Margins	11,231,070	3,041,340
Net Margins	18,355,315	17,480,421
Total Assets	1,377,698,574	1,288,989,885
Long-Term Debt	574,651,339	611,248,945
Members' Equity	471,141,091	466,485,777
GSEC Properties - EBITDA	\$ 254,482	\$ 510,280
<b>FINANCIAL RATIOS</b>		
Total Equity/Total Assets (%)	34.20	36.19
Days Cash on Hand	244	115
Debt Service Coverage (DSC) Ratio	1.63	1.60
Debt/Funds Available for Debt Service	6.08	6.64
Equity/Capitalization (%)	43.91	42.81
<b>OPERATING STATISTICS</b>		
Average Sales Price/MWh	\$ 51.03	\$ 74.11
Energy Sales to Members (MWh) - SPP	6,557,743	6,449,964
Energy Sales to Members (MWh) - ERCOT	3,252,104	2,061,242
Energy Sales to Members (MWh) - Total	9,809,847	8,511,206
Member Peak Demand (MW) - SPP	1,484	1,378
Member Peak Demand (MW) - ERCOT	356	311
Member Peak Demand (MW) - Total	1,840	1,689
Gas Purchased (MMBtu)	37,664,659	27,393,492

# President's and Chairman's Letter

This year, we celebrate Golden Spread Electric Cooperative's 40th anniversary. The legacy of our cooperative is one of vision. The Members who started Golden Spread had a vision of cooperation among cooperatives that created value for all Members and the communities our Members serve. This foundation has guided Golden Spread for decades, including providing direction through difficult and significant decisions such as building our own generation portfolio.

This vision continues to guide us as we navigate today's crossroads in the electric industry. Regulators are working to balance reliable service with ambitious renewable energy goals. Both markets we operate in, the Electric Reliability Council of Texas (ERCOT) and the Southwest Power Pool (SPP), have made significant and rapid changes to generator expectations and requirements. As we work through these market changes,

we remain intent on representing and protecting our Members' interests.

Our focus remains steadfast on delivering maximum value to our Members through reliable, efficient and competitive service. This year, we have placed renewed emphasis on optimizing and improving the utilization of the power plants that Golden Spread Members have invested in: Mustang Station, Antelope Elk Energy Center and Golden Spread Panhandle Wind Ranch. We have prioritized plant reliability, and 2023 confirmed this work is paying off. The plants performed remarkably well, and as we expand grid-switching capabilities at Antelope Elk Energy Center to allow more energy to be directed to either ERCOT or SPP, we'll continue to maximize the value of Member investments.

This past year has been particularly outstanding for Golden Spread. We achieved record sales, benefited from low natural gas prices and enjoyed strong non-member margins. We set a new peak usage record of 1,840 MW. This peak surpasses our previous record in 2019 and underscores the continuing growth within our territory. This success translates into direct benefits for Members, as the value of their investment continues to grow.

While we celebrate the legacy of Golden Spread, we must also turn an eye toward creating the future. One way we're doing that is by keeping innovation and



**Kelly Lankford, Board  
Chairman and President,  
and Kari Hollandsworth,  
President and CEO**

collaboration at the core of our approach to meeting Members' needs. Innovative approaches will be important as we address new developments throughout the territory, including regulatory changes and expected load growth from additional data centers and other large loads such as hydrogen-producing facilities. We continue to adapt and find creative solutions as our Members and industry landscape grow and evolve.

As we proudly step into our 40th year, we remain dedicated to our Members and the cooperative principles that have guided us from day one.

Thank you for your continued trust and support in Golden Spread Electric Cooperative. Here's to many more years of success and innovation.

*Cheers!*

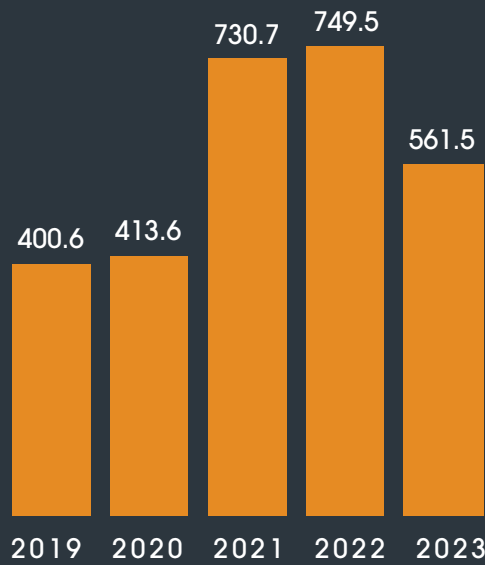
*Kari Hollandsworth*  
**KARI HOLLANDSWORTH**  
 President and  
 Chief Executive Officer

*Kelly Lankford*  
**KELLY LANKFORD**  
 Board Chairman  
 and President



## Operating Revenues

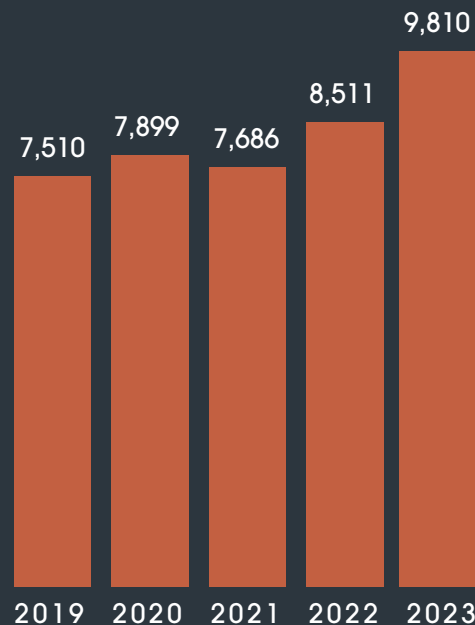
(IN MILLIONS OF DOLLARS)



Variations in operating revenues are due to the volume of kWh sales, Member rates and Board-approved margins.

## Sales to Members

(IN GIGAWATT HOURS)



Members had significant load growth in 2022 and 2023. In general, fluctuations in kWh sales to Members are caused by weather conditions, oil and gas production and agriculture activity. In addition to native load growth, incremental sales were made to data centers and South Plains Electric Cooperative's ERCOT load.

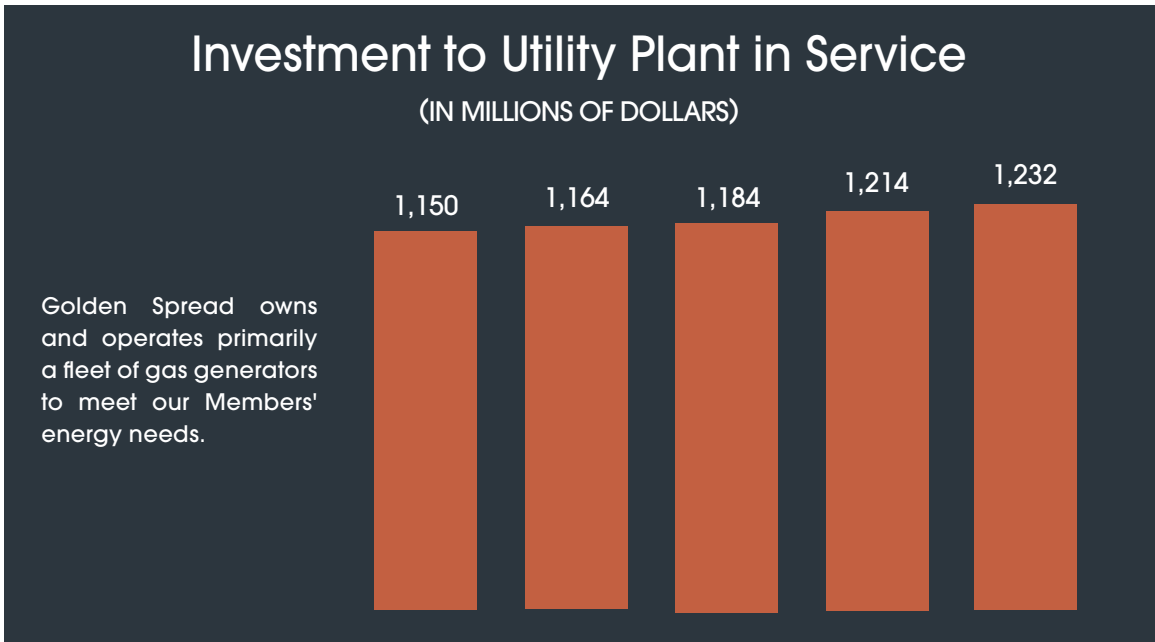
# Golden Spread Board Updates Strategic Plan Due to Market Changes

Due to substantial changes in Golden Spread’s business environment, the Golden Spread Board of Directors conducted a deeper review and update of the strategic plan during its annual planning session in October 2023. This session took place during the middle of the three-year strategy cycle, which was due to run until 2025.

Several changes spurred this update, the most impactful of which is that the Southwest Power Pool (SPP) is contemplating significant changes to capacity requirements, both in how generation is accounted for and the level of reserve capacity that is required by load-serving entities. Combined with the ongoing market changes in the Electric Reliability Council of Texas (ERCOT) and continued load growth, Golden Spread determined that additional generation capacity is required.

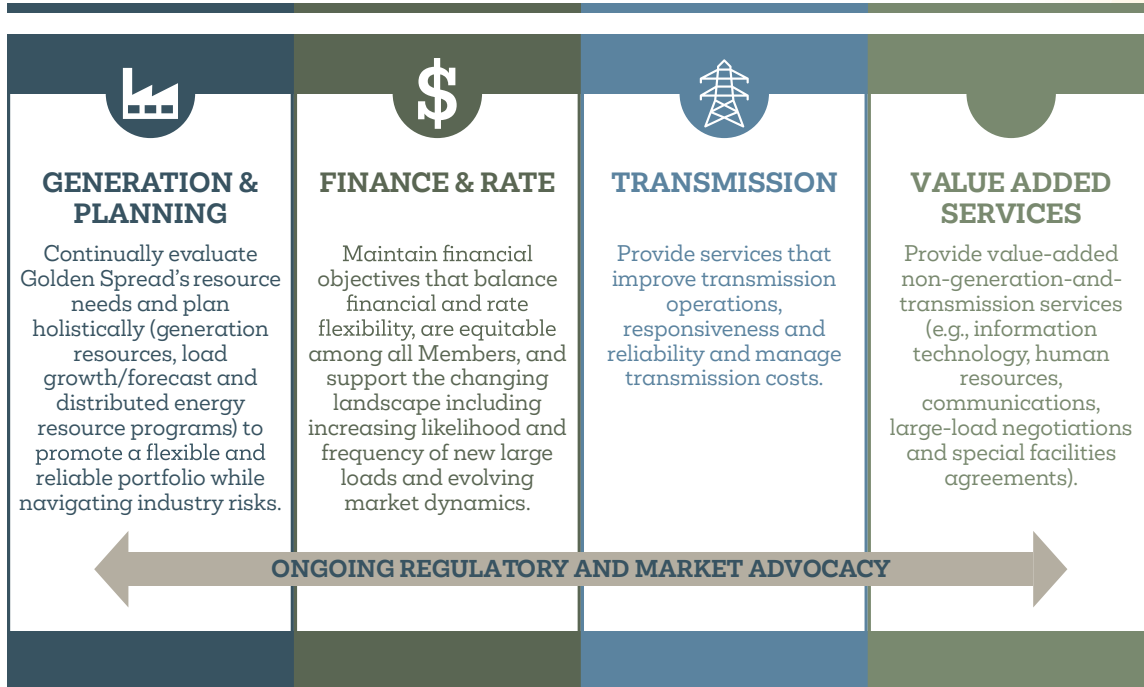
In the past, the need for additional capacity has been satisfied with a combination of dispatchable units, such as Mustang Station or Antelope Elk Energy Center (AEEC), and power purchase agreements from other resources. As the regulatory environment changed, the liquidity for purchased power capacity diminished significantly. Due to these considerations, the Board has made the strategic decision to build additional flexible generation at AEEC.

Currently, AEEC consists of Antelope Station, with 18 Wartsilä reciprocating engines with grid-switching equipment, and Elk Station, which has three combustion turbines, two of which are currently capable of grid switching. The proposed resource plan includes installing grid-switching equipment on Elk Unit 3 and installing Elk Unit 4 at AEEC, continuing to optimize Golden Spread’s most flexible generation resource.





*Additionally, the Board adopted refreshed strategy focus areas:*



“Creating an environment where the Golden Spread Board can examine and make strategic decisions is invaluable,” said Matt Moore, Vice President of Commercial and Asset Operations. “It is crucial that our Board understands the industry requirements, risks and opportunities. The collaboration between Golden Spread Board, staff and partners this year has produced significant decisions with the addition of Elk Unit 3 grid-switching capability and the installation of Elk Unit 4. We look forward to continuing to work with our Board on future strategic decisions.”

At the conclusion of the 2023 strategic planning session, the Board participated in a team activity to identify the highest priority strategic initiatives. This exercise produced great discussion and collaboration.

Golden Spread’s strategy is well positioned to stay abreast of dynamic developments to meet our Mission: “Deliver cost effective, competitive and reliable power to provide a secure energy future for generations to come by creating opportunities, cultivating cooperation and navigating industry risk.”



# Staff Leadership Development And Workforce Planning



In the face of evolving challenges over recent years, Golden Spread has diligently addressed leadership development and workforce improvements with a strategic and forward-thinking approach. Recognizing the importance of retention and employee professional development amid low unemployment and rising labor costs, we have placed a strong emphasis on enhancing our staff's capabilities to better serve our Members.

Our strategy has been rooted in comprehensive workforce planning, which involves using data—both inside the organization and among the industry at large—and aligning with future strategic objectives to ensure our workforce growth is purposefully geared toward meeting our organization's and Members' needs over the next two to five years. We have comprehensively planned for staff requirements across various functions, incorporating small group sessions to determine the

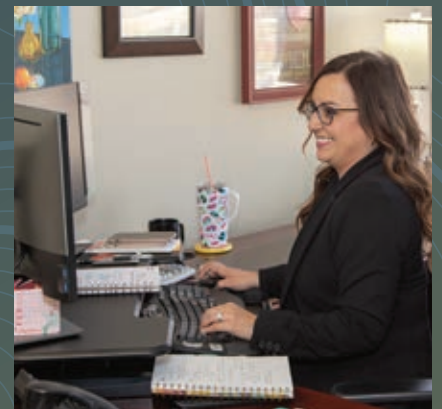
optimal alignment of skills and roles. Notably, with 22 percent of our staff approaching retirement within five years, our planning has included succession planning, safeguarding the continuity of our business operations.

In 2023, we hosted our second annual Leadership Conference, an in-house initiative designed to foster leadership skills without the burden of travel costs or time away from family. This conference balanced general staff development with targeted managerial enhancement, offering attendees insights into business acumen and industry-specific knowledge. The conference was underscored by a keynote from Mark McClain, General Manager of Big Country Electric Cooperative, who highlighted the vital connection and partnership between and among distribution cooperatives and their generation and transmission cooperative.

Complementing the Leadership Conference, our Human Resources team led two HR Summits in 2023, in collaboration with our Members' HR staffs and external experts. These summits provided practical experience in handling employee relations and assessing employee risks, developing leadership skills and behaviors, understanding employment law and mastering business communication.

At Golden Spread, we are committed to prioritizing comprehensive employee training across all levels to advance Golden Spread's mission and deliver exceptional value to our Members.





# 2023 Energy Sales and Demand Reach All-Time High

Golden Spread Members saw record total electricity sales and demand in 2023. Energy sales increased significantly as Members needed to provide almost 10 million MWh of electricity, a 15% increase over the previous year. Peak season demand also grew by 112 MW beyond the previous peak, reaching 1,840 MW.

Two main factors drove these increases. First, weather conditions were volatile during key parts of 2023. Many Members experienced drought as both the last two months of 2022 and the first four months of 2023 were exceptionally dry. These conditions brought higher-than-usual sales from irrigation pre-watering during the late winter and early spring.

While May and early June of 2023 were abnormally cool and wet, both cooling and irrigation demand surged during the core summer months because of

widespread hot and dry conditions across the territory. The state experienced record high temperatures reaching as high as 111 degrees in some Members' territories.

Second, increased commercial activity in Member territories also added significant demand in 2023. Buoyed by increased oil and gas activity, Members added more than 800 Member-Consumers or small commercial retail delivery points in 2023. The number of large commercial meters increased by about 7% in 2023 as well, primarily from agriculture and oil and gas industries. Another increase of approximately 64 MW and 530,000 MWh came from data centers.

Golden Spread expects that its total load will continue to grow in the long term, driven by the economy and population growth in Member service areas.



# Serving Members the Cooperative Way

For the last 40 years, serving Members has been at the forefront of everything we do. Guided by the cooperative principles, we've worked with Members to find beneficial outcomes and decrease risk. That focus has made Golden Spread stronger and provided Members with tremendous value that keeps the cooperative healthy. Last year, we saw these efforts in several notable places.

## Cooperation Among Cooperatives

When Brazos Electric Cooperative left the generation market in the Electric Reliability Council of Texas, South Plains Electric Cooperative (South Plains) needed a new supplier for that portion of their load. Because of their strong relationship with Golden Spread, they turned to us to implement a solution. We found a way to provide service to the new portion of load using a hedging program to keep their prices down and mitigate risk to other Members while covering South Plains' needs.

## Cost-Effective Power

Our efforts in recent years to improve plant performance paid off in 2023. Maintenance and enhancements at Antelope Elk Energy Center and Mustang Station have resulted in high generator availability. This accomplishment allowed us to bring a lower cost to Members through the efficiency of our owned generation.

## Voluntary and Open Membership

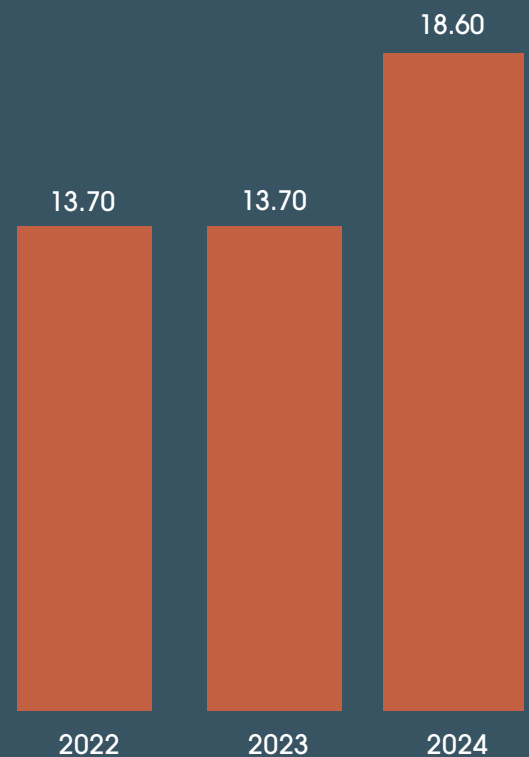
Many Members have been approached by organizations with unusually large loads that would like to locate in their territories. While these new Member-Consumers can bring a lot of benefit to Members, the size of these loads and their sometimes-short durations can pose risks. Golden Spread has worked with individual Members to find ways to serve new customers while protecting the Member's interest and insulating other Members from the risks of these loads.

As we enter our fourth decade, we will continue to build on our cooperative's strong partnership by keeping our focus on serving Members.



## Patronage and Contributed Capital Distributions

(IN MILLIONS OF DOLLARS)

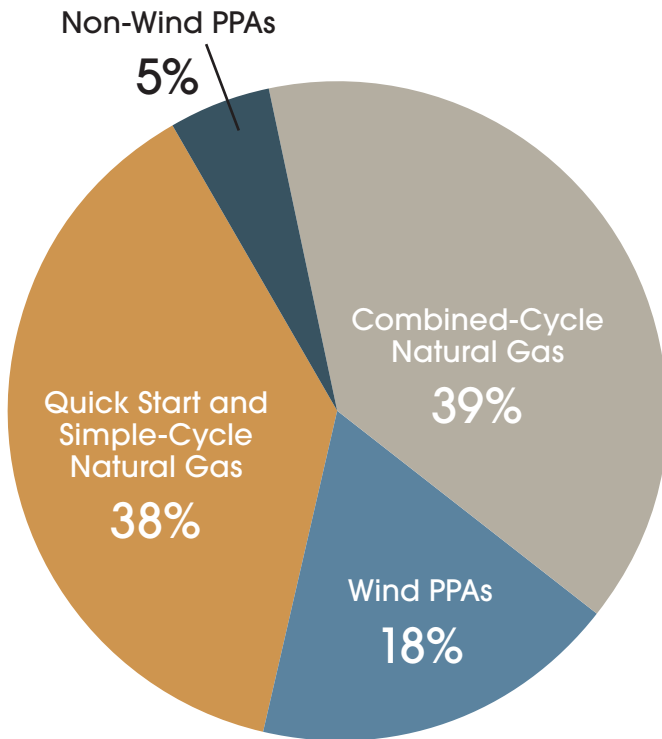


Golden Spread's Board of Directors increased the payment of patronage capital in 2024.

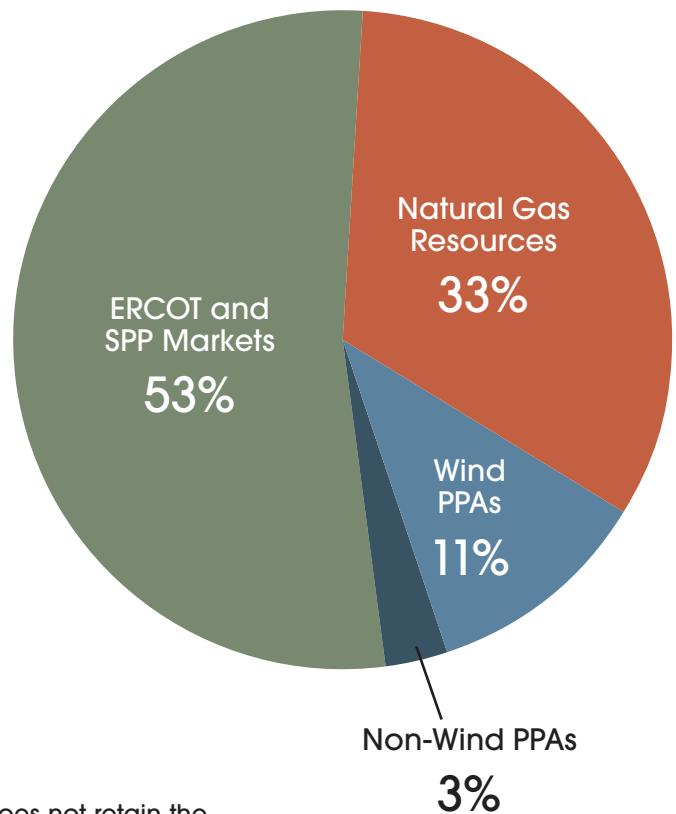


## Current Resource Operation

2023 Power Supply Resources



Energy Sources Used to Meet 2023 Member Requirements



PPAs are power purchase agreements. Golden Spread does not retain the environmental attributes associated with wind.

# An Exceptional Year For Plant Performance and Safety

Golden Spread's generation fleet completed an exciting year in 2023 highlighted by strong plant performance and the achievement of a monumental safety milestone. The flexibility of Golden Spread's assets continued to support regional transmission grid demands by operating reliably while frequently switching between the Electric Reliability Council of Texas and Southwest Power Pool markets. These operating characteristics are critical components of our vision to provide competitive energy solutions for our Members.

Operating staff continued to focus on plant reliability last year and completed several capital projects that enhance the functionality of the generating units. These ongoing efforts and the staff's focus on continuous improvement contributed to a fleet availability factor of 98.9% throughout the summer operating period. This metric easily exceeds industry averages and the internal targets established for the Golden Spread fleet.

The composite start reliability factor of 98.8% throughout the summer also compares favorably to industry averages and would not be possible without

commitment from Board, management and plant staff. The performance of our generation fleet allowed us to economically dispatch and operate the units and serve our Members in an economical and reliable manner.

The importance of providing these services safely cannot be overstated. Our fleet surpassed a significant milestone related to safe operations this year that represents the culmination of many years of consistent focus and effort. The combined staffs of Mustang Station, Antelope Elk Energy Center and Golden Spread Panhandle Wind Ranch surpassed a milestone of 1 million hours of work without an Occupational Safety and Health Administration recordable incident.

***The combined staffs of Mustang Station, Antelope Elk Energy Center and Golden Spread Panhandle Wind Ranch surpassed a milestone of 1 million hours of work without an OSHA recordable incident.***





## Empowering Resilience: Golden Spread's Strategic Engagement in GridEx

A two-day grid security exercise – known as GridEx – is a key element of Golden Spread's comprehensive preparedness strategy. The exercise is hosted every two years by the North American Electric Reliability Corporation (NERC) and is designed to test the electricity sector's ability to respond to grid security emergencies, improve communications among partners, identify lessons learned and engage senior leadership.

Golden Spread organized its local participation in Amarillo on November 14, 2023, to offer a crucial opportunity for Members, staff, utilities and vendors to refine their response plans for incidents, emergencies and communications.

This national tabletop exercise focused on contemporary energy sector challenges that specifically addressed ransomware response and social media disinformation. Participants were presented with scenarios designed to prompt the execution and testing of plans, policies and procedures.

GridEx extended its impact to both corporate and plant environments, introducing scenarios to simulate various types of attacks. In the corporate setting, participants navigated challenges such as web defacement, ransomware and social media disinformation. The exercise



provided valuable insights into crisis communications and risk management.

In the plant environment, participants encountered physical attacks, winter weather impact and a cybersecurity incident. Plants faced an active shooter situation and a loss in gas pressure. Following the restoration of units, plants experienced a simulated software issue affecting control systems. Plant managers ensured a coordinated response and communication flow.

This inclusive approach enhanced the realism of GridEx, providing Members and staff with valuable experience in responding to a wide array of potential threats in a controlled environment. The exercise reinforced preparedness and resilience across all facets of Golden Spread's operations, and the collaborative nature of the exercise fosters cross-departmental cooperation, strengthening communication channels and ensuring a cohesive response to diverse scenarios.



# Market Conditions Favorable in 2023

Golden Spread was able to take advantage of relatively low market prices to keep rates down in 2023. The Electric Reliability Council of Texas (ERCOT) market averaged \$59.66 per MWh, and the Southwest Power Pool (SPP) market averaged \$21.57 per MWh. These low market prices worked along with the reliability of our generation assets to help keep Golden Spread’s fuel and energy purchased power component cost per megawatt under budget every month in 2023.

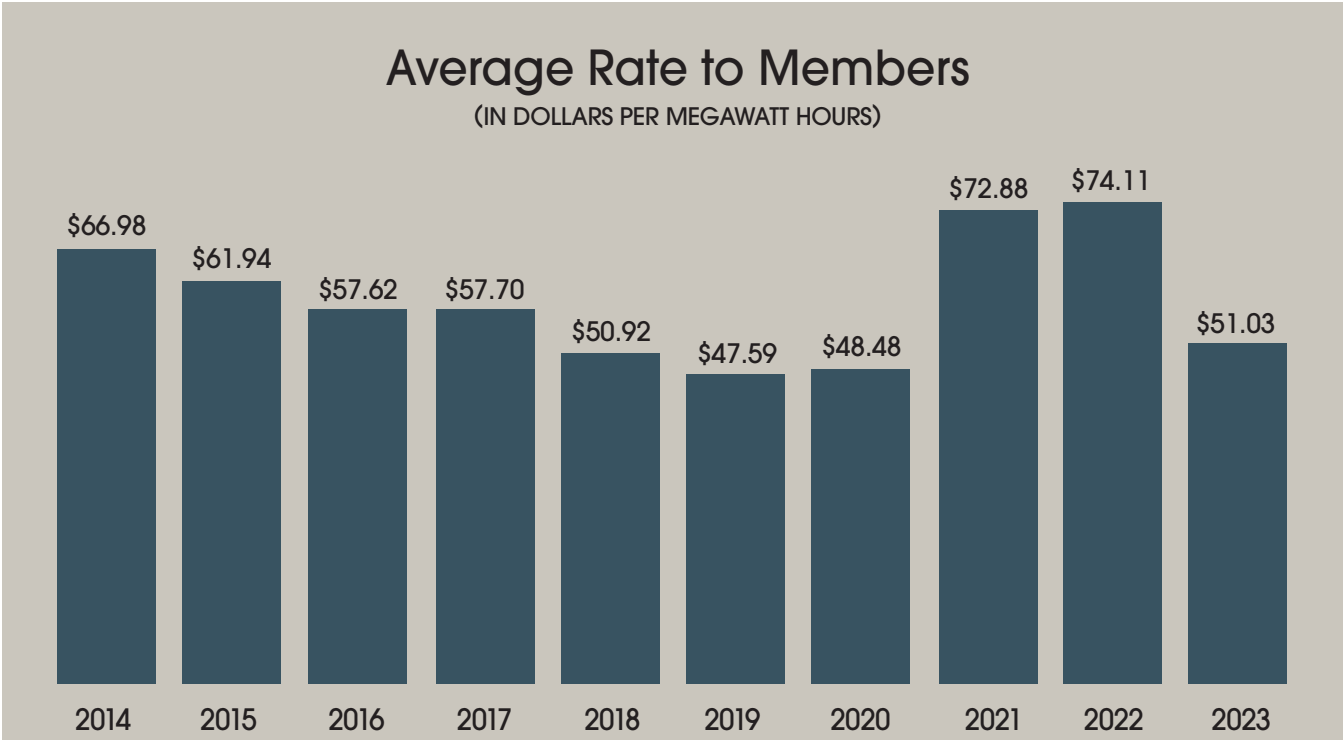
Member load grew in both ERCOT and SPP in 2023. Member load in ERCOT peaked at 384 MW on January 30, up from the 2022 peak of 329 MW, and load in SPP peaked at 1,484 MW on August 4, up from the 2022 peak of 1,378 MW.

Natural gas prices decreased throughout the year, dropping as much as \$4/MMBtu during the 2023 summer season compared to 2022. As

natural gas prices fell, so did power prices since natural gas generation typically set prices in the real-time market over the summer period. Wind generation typically set the real-time price over the winter and spring periods when it was the highest generation by fuel type despite the slightly decreased average wind speeds compared to 2022.

ERCOT’s energy by fuel type was substantially similar to 2022. Natural gas led the way, producing 37% of the ERCOT grid energy, followed by wind and coal at 24% and 14%, respectively.

Wind was SPP’s highest generation by fuel type when averaged across the entire year at 37%. Coal and natural gas followed at 28% and 27%, respectively.



Average rate to Members fluctuates with changes in operating costs, margin requirements and commodity costs. The increases in 2021 and 2022 were due to natural gas prices, amortization of Winter Storm Uri costs and increases in plant maintenance expense. The 2023 rate reflects a return to lower natural gas prices.

# Golden Spread Advocates For Members In Regulatory and Market Changes

The electric industry continues to undergo profound changes. In Texas, the Electric Reliability Council of Texas (ERCOT) and Southwest Power Pool (SPP) are experiencing rapid changes to their generation portfolios because of increased wind, solar and battery capacity along with potential thermal power plant retirements. The evolving landscape continues to create new opportunities, complexities and risks for Golden Spread and its Members. Amid the changing regulatory environment, Golden Spread's regulatory team actively participates and advocates in proceedings that affect its ability to provide reliable and cost-effective generation to its Members.

expansion of weatherization requirements for generation and transmission assets, as well as various market adjustments to address price stability and reliability.

The PUCT's Phase 2 reforms are targeted for further discussion during the 89th Texas Legislature in 2025. However, the Phase 2 reforms will likely include the Performance Credit Mechanism, which is a new reliability mechanism to meet the demands of the ERCOT region, as well as a reliability standard for complying with the new mechanism. Other Phase 2 market reforms include:

- **Dispatchable Reliability Reserve Service** is a new ancillary service program in ERCOT to procure dispatchable power on a day-ahead and real-time basis to account for market uncertainty.
- **Ancillary Services Study** to review current ancillary services in ERCOT and determine whether those services efficiently meet ERCOT power needs and whether additional services are necessary, as well as allocation of those services consistent with cost-causation principles.

*ercot* 

## **ERCOT Market Design**

After the passage of Senate Bill 3 by the 87th Legislature, the Public Utility Commission of Texas (PUCT) initiated efforts to evaluate ERCOT's market design and investigate how the market could benefit from reforms. In 2023, Phase 1 of PUCT's market design reforms were implemented, and the reforms addressed many of the Texas Legislature's directives. The Phase 1 implementation included the



During the 88th Texas legislative session, the conversation surrounding ERCOT's market design continued. House Bill 1500, for example, aimed at improving the operation of Texas's electric market by providing guardrails for the PUCT's credit-based reliability program.

### ***Texas Energy Fund***

During the 88th Texas legislative session, the legislature discussed ensuring a sufficient dispatchable generation supply as projected demand increases. Senate Bill 2627, the Texas Energy Fund Loan and Grant Program, creates a completion bonus and zero-interest loan program for new dispatchable generation resources in ERCOT. Further, it establishes a grant program for distribution, transmission and generation resources outside of the ERCOT territory. The PUCT initiated regulatory proceedings to implement the Completion Bonus Grant Program and Generation Loan Program for ERCOT. However, the Outside of ERCOT program is still waiting for PUCT staff to initiate the proceeding. Golden Spread is an active participant in the Texas Energy Fund policymaking process to help ensure its future projects are eligible for the programs.

### ***Environmental Update***

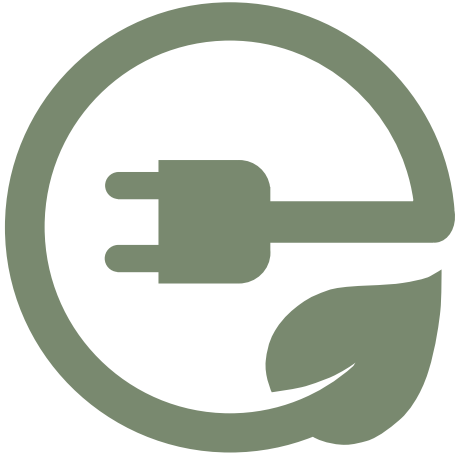
In May 2023, the Environmental Protection Agency issued its proposed Greenhouse Gas Standards and Guidelines for Fossil Fuel-Fired Power Plants. The proposed rule reduces the operational capacity factor for any new simple-cycle gas turbine projects. Golden Spread partnered with staff from the National Rural Electric Cooperative Association in its advocacy strategy and argued that the rule would have an adverse impact on grid system reliability.

### ***Southwest Power Pool Resource Adequacy***

Resource and energy adequacy concerns continue to grow in SPP. The 2023 SPP Resource Adequacy Report projects the SPP footprint will be deficient approximately 4,000 megawatts by 2028. Consequently, SPP staff and stakeholders worked in 2023 to develop several policy revisions focused on resource and energy adequacy. SPP is revising the policies around resource accreditation, demand response, fuel assurance and the coordination of outages. These items are narrowing the scope SPP will use as a reliability standard going forward. Two key resource adequacy policies approved by stakeholders in 2023 are:

- **Performance Based Accreditation** is a new accreditation methodology for thermal generating units that uses historical performance and forced outage rates over a historical seven-year period to establish the accredited capacity for a unit.
- **Effective Load Carrying Capability** is a new accreditation methodology for wind, solar and energy storage resources that looks at the resource's historical ability to reliably serve load during peak hours.

The SPP Board of Directors approved these two changes in October 2023, however, both changes require the approval of the Federal Energy Regulatory Commission. As new policy changes are introduced at the SPP, Golden Spread and other stakeholders evaluate, analyze and advocate for policies that provide both reliable and cost-effective power for our Members.



*Golden Spread's Territory:*  
**The Renewable Capital of the World  
And the Flexibility It Provides**

The Golden Spread region stands at the forefront of renewable energy with its exceptional combined wind and solar potential. This unique advantage identifies our area as an ideal location for industries that consume large amounts of electricity and are looking to harness the power of clean, renewable energy.

Incoming energy demands are categorized into two types: standard Member-Consumers and "mega-consumers." Mega-consumers refer to new consumers with energy demands exceeding 30 MW at a single site. Some currently proposed projects in Golden Spread Members' territories are anticipated to reach up to 1,000 MW. These projects are not just notable for their size but also for their innovation, incorporating new technologies that are specifically designed to take advantage of our region's abundant renewable resources.

The influx of these pioneering consumers is underway, and Golden Spread is working to meet a variety of needs and opportunities unlike any we have served before. Among these, the cryptocurrency sector continues

to expand, encompassing activities from data mining to the application of advanced artificial intelligence technologies. There is also an interest in the potential production of green hydrogen gas.

Golden Spread is committed to finding ways for Members to provide the retail services these new loads require, while carefully managing the risks that such unique large loads create by ensuring these loads do not increase the burden, now or in the future, on our existing Members.

It's an exciting time for the region, and time will tell how these new loads will impact the local economies in our Members' territories through large investments, tax benefits and new employment opportunities.

This shift toward creatively utilizing renewable energy and the attraction of high-tech industries underscores the strategic importance of the Golden Spread area. As these sectors evolve, they bring with them the promise of leveraging renewable energy capabilities to their fullest potential, paving the way for a future that is both sustainable and innovative.

# Credit Ratings Remain Strong

Golden Spread continues to earn strong credit ratings due to its good financial management.

In February 2024, Moody's Investors Service (Moody's) reaffirmed Golden Spread's A2 issuer rating with a stable outlook. In its announcement, Moody's noted that Golden Spread "maintains a well-capitalized balance sheet, good liquidity and a history of maintaining financial metrics at around the highest range of Moody's rated generation and transmission cooperatives" and specifically pointed to upcoming grid-

switching capacity projects as a benefit for Golden Spread's financial management and stability.

In October 2023, Standard & Poor's Financial Services reaffirmed its A+ issuer credit rating for Golden Spread.

In July 2022, Fitch Ratings reaffirmed Golden Spread's AA- rating with a stable outlook and took no additional action in 2023.

These strong credit ratings help Golden Spread finance additional projects at lower rates, reducing costs for Members.

MOODY'S	S&P	FITCH	
Aaa	AAA	AAA	Prime
Aa1	AA+	AA+	
Aa2	AA	AA	High Grade
Aa3	AA-	AA-	
A1	A+	A+	Upper Medium Grade
A2	A	A	
A3	A-	A-	

Highlighted cells indicate Golden Spread's credit rating at year-end 2023.

WOLFSTREET.com



**EXECUTIVE TEAM** (from left): *Matt Moore, Vice President, Commercial and Asset Operations; Matt Lowe, Chief Financial and Risk Officer; Kari Hollandsworth, President and Chief Executive Officer; John Eichelmann, Vice President, Member Services and Power Delivery; James Guy, General Counsel, Chief Legal and Compliance Officer*

# Youth Sponsorship



**CHARLIE TRIMBLE**  
Deaf Smith Electric  
Cooperative

Each summer, more than 100 high school students from participating electric cooperatives around the nation visit the nation's capital to attend the Government-in-Action Youth Tour. The 12-day tour includes visits to several important national sites, including the White House, Washington Monument, U.S. House and Senate chambers, Supreme Court, Washington National Cathedral, Arlington National Cemetery and Smithsonian Institution.

Youth Tour attendees learn about the effects their local electric cooperatives

have on their communities, along with information on how programs like the National Rural Electric Cooperative Association help make lives better around the world.

In 2023, Charlie May Trimble from Farwell, Texas, in the Deaf Smith Electric Cooperative territory earned the Golden Spread sponsorship to attend the Youth Tour. She applied and was selected as one of four students for the honor of participating in the Laying of the Wreath at the Tomb of the Unknown Soldier.

## Mark W. Schwartz Employee Memorial Scholarship

### The 2024 scholarship recipients are:



**TAYLOR NEAL**, daughter of South Plains Electric Cooperative employee Brandon Neal and his wife Tiffany



**MEREDITH SANNING**, daughter of Golden Spread Electric Cooperative employee Stacy Sanning and her husband Brian

The Mark W. Schwartz Employee Memorial Scholarship was established in 2021 by the Golden Spread Board of Directors to honor the service of the late Mark Schwartz, former Golden Spread President and CEO.

The Board approved an initial contribution of \$10,000, and CoBank matched the donation. Golden Spread Members' Boards and numerous individuals also contributed to the scholarship.

Eligible applicants must be an employee or Director of Golden Spread or one of its Members or have a parent or guardian who is an employee or Director of Golden Spread or one of its Members. Applications are due on March 1 of each year and awarded for the following school year.

Each student receives a \$1,000 scholarship to further their college education. Eight students have received the scholarship since the first ones were awarded in 2021.

# Directors' Memorial Scholarship

The Directors' Memorial Scholarship, established in 1991, honors former Directors of Golden Spread who were dedicated to the development and advancement of rural electrification.

The scholarships are designated for families who are Member-Consumers of one of Golden Spread's 16 Member Cooperatives. More specifically, any Member-Consumer, a spouse or child of a Member-Consumer or a child whose guardian is a Member-Consumer is eligible.

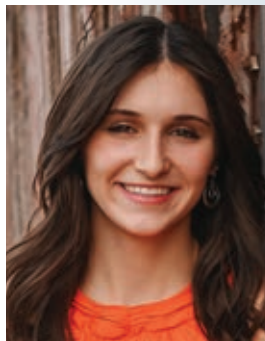
Student recipients receive a total of \$2,000, providing \$500 for each of four semesters for a student's first two years. The eight students who received scholarships in 2024 are:



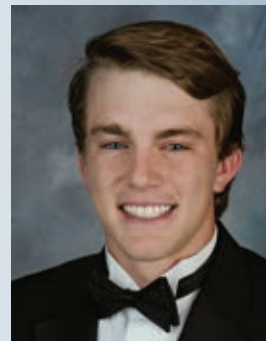
**BRAZOS BECK**  
Lyntegar Electric  
Cooperative



**MAXIMUS DUMBAULD**  
North Plains Electric  
Cooperative



**JULIANNA FERREL**  
Lighthouse Electric  
Cooperative



**SAWYER FRANCIS**  
Swisher Electric  
Cooperative



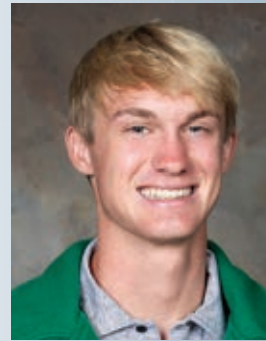
**SAGE GAILLARD**  
Rita Blanca Electric  
Cooperative



**PAIGE LUNING**  
South Plains Electric  
Cooperative



**KAMRYN MEIWES**  
Bailey County Electric  
Cooperative



**MASON SNOWDEN**  
Concho Valley Electric  
Cooperative

More than \$177,000 has been disbursed to 136 recipients since the first scholarship was awarded in 1995. Opportunity Plan, Inc., of Canyon, Texas, administers the plan.

Golden Spread makes annual contributions to the fund, in addition to making contributions in memory or in honor of past Board Members. Individual contributions are welcomed and add to the endowment for the scholarship fund.

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***For more information about Golden Spread's scholarships or to apply, visit [gsec.coop](http://gsec.coop).***

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# *In Remembrance*



## **Bob Bryant**

Robert W. "Bob" Bryant served as the first President and General Manager of Golden Spread from 1984 to 2008. His career spanned 50 years working and consulting for consumer-owned electric utilities in Nebraska, Colorado and Texas. During his tenure, Mr. Bryant was instrumental in developing Golden Spread from an association of small rural electric cooperatives to an A-rated wholesale power supplier.



Mr. Bryant was involved in many committees of the National Rural Electric Cooperative Association, Texas Electric Cooperatives, the Colorado Rural Electric Association and the Electric Power Research Institute. He served as a director and secretary on the board of ACES, a nationwide energy management company in Carmel, Indiana.



## **Steve Gee**

Steve Gee of Blanchard, Oklahoma, joined the Golden Spread Board of Directors in April 2010 and retired in January 2016. He served as General Manager of Swisher Electric Cooperative for nearly six years. Mr. Gee worked in cooperatives through much of his career, which took him from Oklahoma to Kansas to Texas. His faith guided him through life, and he shared that faith by teaching Sunday School for junior high boys and older adults.

Golden Spread is grateful for Mr. Gee's expertise and service to the Cooperatives.



# *In Gratitude*

## For Board Service:



### **Mark Appling**

A Member of the Board of Directors of Lighthouse Electric Cooperative in Floydada, Texas, Mark Appling also served as a Golden Spread Board Member from June 21, 2018, to April 27, 2023. Mr. Appling is a realtor and civic leader in Crosbyton, Texas. Golden Spread extends its sincere appreciation to Mr. Appling for his service, and we wish the best for him and his family.



### **Bob Fuchs**

Bob Fuchs served as a Board Member of Coleman County Electric Cooperative in Coleman, Texas. He joined the Golden Spread Board, serving from August 10, 2012, to July 13, 2023. Mr. Fuchs has spent his career farming cotton, wheat and grain sorghum. His farm benefited from his innovative spirit, converting some of his acreage to a reduced-till system to save soil and water. Golden Spread is deeply grateful for the contributions of Mr. Fuchs throughout his tenure.



### **Brent Wheeler**

Brent Wheeler joined the Golden Spread Board of Director in February 2008. He served the Golden Spread Board with distinction until his retirement from Rita Blanca on November 15, 2023. Mr. Wheeler served on various committees and as the Golden Spread representative for High Ground of Texas. Golden Spread honors Mr. Wheeler for his enduring commitment and exceptional service.

## Staff Retirements:



### **Steve Cross**

Steve Cross, Director of Power Supply, retired from Golden Spread in June 2023. Steve joined the Golden Spread staff in June 2012 and was a dedicated engineer and member of the team.



### **Wallace Lester**

Wallace Lester, Safety and Projects Coordinator, joined Golden Spread in 2008 and retired from Golden Spread in December 2023. Wallace shared his commitment to safety with all and everything.

# Community Involvement Committee: “Bringin’ It Back to the Members”



The Golden Spread Community Involvement Committee (CIC) develops an annual vision statement that guides its work for the year. The vision for 2023 was “Bringin’ It Back to the Members.” While the group liked the sound of that statement, they weren’t sure what that would look like.

All that changed in May 2023 when a massive flood hit Hereford, Texas, home of Deaf Smith Electric Cooperative, with over seven inches of rain in less than two hours. The following month, a tornado ripped through Perryton, Texas, home of North Plains Electric Cooperative.

Suddenly, the CIC vision came into focus, and the group leapt into action, sending monetary assistance and requested

supplies for relief efforts. Employees who assisted in sorting donations were inspired by seeing communities come together to support one another. Ten employees took time away from their own schedules to participate in sorting donations for those who had lost so much.

The cooperative mindset came to life on a grand scale, and efforts did not end there. The CIC partnered with four of Golden Spread’s Member Cooperatives, each of which selected a family who could use help for the holiday season. Our Members personally know their Member-Consumers – as family, friends and neighbors – so they know exactly who can use the help. For each of the four families, the CIC provided electric bill



assistance, a full holiday meal, a vacuum cleaner, a spin mop and a grocery gift card. CIC members deemed it a privilege and an honor to serve these Member-Consumers in such a tangible way.

In addition, the Golden Spread staff and CIC celebrated the following:

- The second-highest year ever of volunteer program participation with a total of 515 hours
- The highest year ever of total participants: 44 employees
- A fundraiser that resulted in over 40 coats donated to local children
- Outstanding employee giving

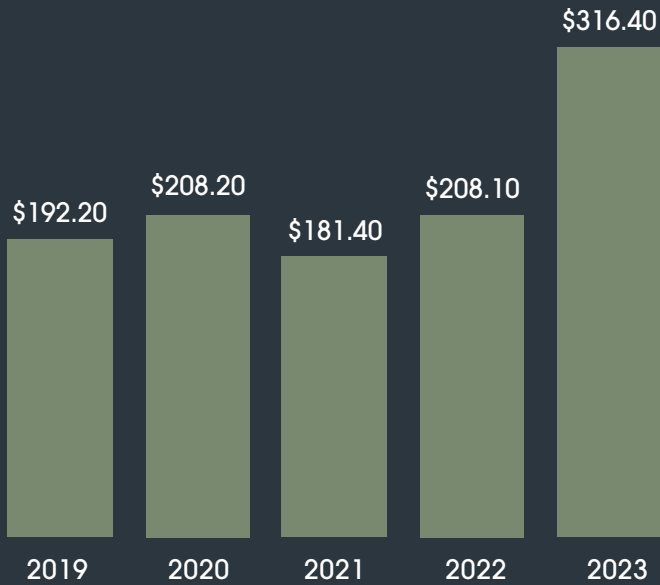
CIC officers for 2023 were Jennifer

Bobbitt, IT Project Manager and Business Analyst, chairperson; Courtney Williams, Office and Property Manager, vice-chairperson; Cheri Vogeler, Business Support Specialist, secretary; and Sharla Fowler, Paralegal, treasurer. The CIC committee includes 16 members.

“It was a banner year for the CIC, and one of the greatest experiences we’ve had working for a company we love,” Bobbitt said. “It is with tremendous gratitude that we thank our Board of Directors for providing exemplary leadership and increased support as we head into a new year.”

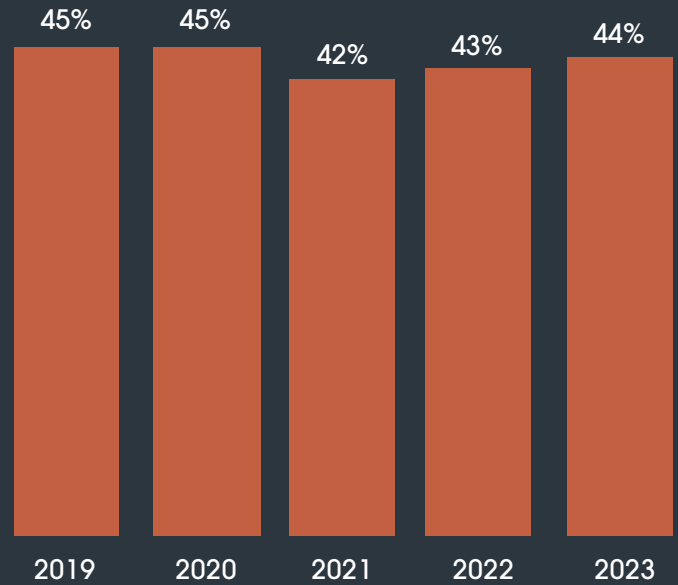
## Cash Liquidity

(IN MILLIONS OF DOLLARS)



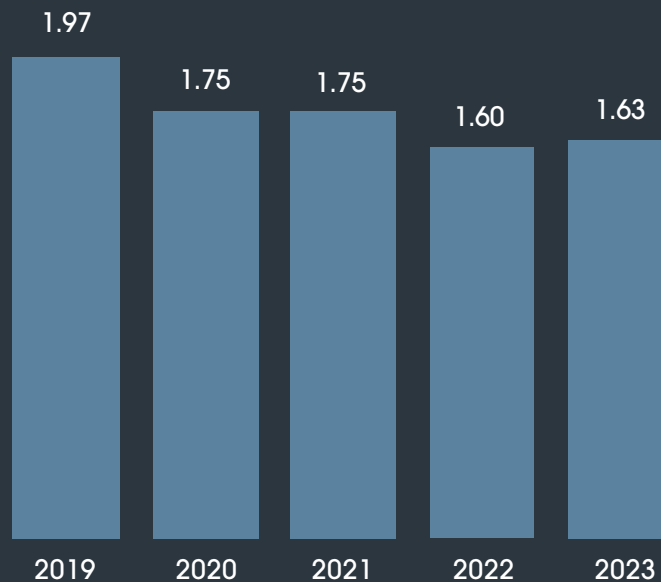
Cash and cash equivalents fluctuate based on the cash liquidity needed to fund capital expenditures, operations and rate stabilization. Golden Spread targets cash balances of at least 90 days of cash operating expenses at all times.

## Equity/Capitalization



Golden Spread maintains a solid equity/total capitalization ratio to minimize coverage requirements to our Members.

## Debt Service Coverage (DSC) Ratio



DSC ratios remained strong despite the increased debt associated with Winter Storm Uri. Golden Spread maintains a strong DSC ratio to ensure adequate coverage of our debt obligations.

# Board of Directors

Kelly Lankford – Chairman and President of the Board

Greg Henley – Vice Chairman and Vice President of the Board

Mark McClain – Secretary/Treasurer

## BAILEY COUNTY ELECTRIC COOPERATIVE

Keith Hicks • David Marricle

## BIG COUNTRY ELECTRIC COOPERATIVE

Danny Helms • Mark McClain

## COLEMAN COUNTY ELECTRIC COOPERATIVE

Brent McMillan • Synda Smith

## CONCHO VALLEY ELECTRIC COOPERATIVE

Jeff Copeland • Kelly Lankford

## DEAF SMITH ELECTRIC COOPERATIVE

Vick Christian • Tim Burkhalter

## GREENBELT ELECTRIC COOPERATIVE

Michael Souder • Randy White

## LAMB COUNTY ELECTRIC COOPERATIVE

Kevin Humphreys • Blake Moore

## LIGHTHOUSE ELECTRIC COOPERATIVE

Mark Hegi • Albert Daniel

## LYNTEGAR ELECTRIC COOPERATIVE

Ben Franklin • Greg Henley

## NORTH PLAINS ELECTRIC COOPERATIVE

David Sell, CPA • Randy Mahannah, PE

## RITA BLANCA ELECTRIC COOPERATIVE

Shad McDaniel, PE • Grace Subealdea

## SOUTH PLAINS ELECTRIC COOPERATIVE

Benny Nixon • Dale Ancell

## SOUTHWEST TEXAS ELECTRIC COOPERATIVE

Pat Jackson • William “Buff” Whitten

## SWISHER ELECTRIC COOPERATIVE

Dwain Strange • Dwain Tipton

## TAYLOR ELECTRIC COOPERATIVE

Cecil Davis • Ryan Bartlett

## TCEC

Shawn Martinez • Zac Perkins

# Golden Spread Officers

**Kari Hollandsworth** – President and Chief Executive Officer

**James Guy** – Assistant Secretary,  
Chief Legal and Compliance Officer

**Robert M. “Matt” Lowe** – Assistant Treasurer,  
Chief Financial and Risk Officer



# Golden Spread Board of Directors



**Keith Hicks**  
BAILEY COUNTY ELECTRIC COOPERATIVE



**David Marricle**  
BAILEY COUNTY ELECTRIC COOPERATIVE



**Danny Helms**  
BIG COUNTRY ELECTRIC COOPERATIVE



**Mark McClain**  
BIG COUNTRY ELECTRIC COOPERATIVE



**Brent McMillan**  
COLEMAN COUNTY ELECTRIC COOPERATIVE



**Synda Smith**  
COLEMAN COUNTY ELECTRIC COOPERATIVE



**Jeff Copeland**  
CONCHO VALLEY ELECTRIC COOPERATIVE



**Kelly Lankford**  
CONCHO VALLEY ELECTRIC COOPERATIVE



**Vick Christian**  
DEAF SMITH ELECTRIC COOPERATIVE



**Tim Burkhalter**  
DEAF SMITH ELECTRIC COOPERATIVE



**Michael Souder**  
GREENBELT ELECTRIC COOPERATIVE



**Randy White**  
GREENBELT ELECTRIC COOPERATIVE



**Kevin Humphreys**  
LAMB COUNTY ELECTRIC COOPERATIVE



**Blake Moore**  
LAMB COUNTY ELECTRIC COOPERATIVE



**Mark Hegi**  
LIGHTHOUSE ELECTRIC COOPERATIVE



**Albert Daniel**  
LIGHTHOUSE ELECTRIC COOPERATIVE



**Ben Franklin**  
LYNTEGAR ELECTRIC COOPERATIVE



**Greg Henley**  
LYNTEGAR ELECTRIC COOPERATIVE



**David Sell**  
NORTH PLAINS ELECTRIC COOPERATIVE



**Randy Mahannah**  
NORTH PLAINS ELECTRIC COOPERATIVE



**Shad McDaniel**  
RITA BLANCA ELECTRIC COOPERATIVE



**Grace Subealdea**  
RITA BLANCA ELECTRIC COOPERATIVE



**Benny Nixon**  
SOUTH PLAINS ELECTRIC COOPERATIVE



**Dale Ancell**  
SOUTH PLAINS ELECTRIC COOPERATIVE



**Pat Jackson**  
SOUTHWEST TEXAS ELECTRIC COOPERATIVE



**William "Buff" Whitten**  
SOUTHWEST TEXAS ELECTRIC COOPERATIVE



**Dwain Strange**  
SWISHER ELECTRIC COOPERATIVE



**Dwain Tipton**  
SWISHER ELECTRIC COOPERATIVE



**Cecil Davis**  
TAYLOR ELECTRIC COOPERATIVE



**Ryan Bartlett**  
TAYLOR ELECTRIC COOPERATIVE



**Shawn Martinez**  
TCEC



**Zac Perkins**  
TCEC





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# 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, 2023, and 2022, and for the 12 months ended December 31, 2023, and 2022. On December 31, 2023, and 2022, the operating subsidiaries included Golden Spread Panhandle Wind Ranch, LLC (GSPWR) and GSEC Properties, LLC (GSEC Properties). GSPWR owns wind generation assets, 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 ("Member Cooperatives" or "Members"), located in the Electric Reliability Council of Texas (ERCOT) and the Southwest Power Pool (SPP) regions. Our 16 Member Cooperatives supply power to approximately 320,214 services in place, representing approximately 262,286 Member-Consumers (i.e., retail electric customers served by Golden Spread's Member Cooperatives) located in the Panhandle, South Plains and Edwards Plateau regions of Texas, the Panhandle of Oklahoma, and small portions of Southwest Kansas, Southeast Colorado and Northeast New Mexico. Five of our Member Cooperatives operate solely in SPP, four operate solely in ERCOT, and seven operate in both regions. As not-for-profit rural electric distribution cooperatives owned and managed by their Member-Consumers, Golden Spread's Member Cooperatives are not subject to retail electric rate regulation by state

regulatory agencies, and retail electric rates are not regulated under federal law.

Golden Spread owns and operates a fleet of gas generation facilities to serve the loads of its Member Cooperatives. These resources provide quick-start energy to complement the abundance of wind energy in the Golden Spread territory. Golden Spread also owns a wind generation facility and has power purchase agreements with two other wind energy providers. When the wind is blowing, use of energy from wind resources offer a lower-cost alternative to gas generation.

Golden Spread is committed to maintaining prudent financial metrics to support a strong balance sheet and providing sufficient cash flows to support operations, capital expenditures and distribution to its Member Cooperatives. We continue to target the following financial objectives:

- Maintain equity as a percentage of the total capitalization of 30-35%;
- Maintain Debt Service Coverage (DSC) ratio of not less than 1.5; and
- Maintain cash working capital equal to 90 days of cash operating expenses (including interest) for operating liquidity supplemented with credit lines to provide the liquidity needed for other purposes, such as capital expenditures and collateral for credit markets.

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

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 an abundant supply of high-capacity wind energy;
- Prices of energy in the markets;
- Farm, oil and gas commodity prices, the primary industries in our Member Cooperatives' service territories;
- General macro economic conditions (viz. geopolitical events, pandemics);
- Interest rates;
- Golden Spread's securities' credit ratings; and
- Market and regulatory matters.

## Regulation

To protect and maximize the effectiveness of our power supply strategy, including the value of the physical assets and long-term agreements we have secured, Golden Spread must actively participate and advocate in regional markets and federal and state regulatory proceedings that affect our operations. We actively monitor and participate in regulatory proceedings of power, transmission and natural gas suppliers because costs of generation and transmission suppliers ultimately affect costs passed on to our Members. Golden Spread is an active participant in Federal Energy Regulatory Commission (FERC) proceedings and subsequent appellate reviews involving terms and conditions for the procurement of transmission services from SPP, as well as the rules governing the operation of the SPP Integrated Marketplace, under which Golden Spread buys and sells services to serve its Members' loads. Included in these proceedings are cases that specifically affect transmission rates within the zones of the SPP from which we take service, as well as proceedings that can generally affect the market design, cost allocation, rules related to SPP governance or other terms and conditions of service.

Within the SPP, Golden Spread's rates for power sales and the rates it pays for purchases of wholesale power and interstate transmission services, which are later passed on to its Member Cooperatives through Golden Spread's wholesale rates, are regulated by FERC. Within the ERCOT region, Golden Spread's rates for wholesale power sales to Members are not subject to FERC jurisdiction, and the rates it pays for purchases of wholesale power and transmission services are regulated

by the Public Utility Commission of Texas (PUCT). ERCOT and SPP market rules substantially affect the operations and financial performance of Golden Spread's generation fleet and power supply strategy. Also, other federal and state initiatives, such as those advanced by the Environmental Protection Agency (EPA) and the Texas Commission on Environmental Quality, affect Golden Spread's generation fleet.

Golden Spread's rate schedules for full requirements sales to its Members are formula rates that allow recovery of all Golden Spread's costs plus a margin and include the ability to modify margin contribution levels with the Board's approval. Golden Spread periodically submits amendments to one or more of those rate schedules to FERC for its SPP-based Members to provide specific services to Members through riders or other contract amendments or to modify or clarify recovery of costs in rates. Comparable amendments are made to ERCOT-based Member rate schedules but are not filed with the PUCT.

On October 16, 2023, Golden Spread sought FERC acceptance of amendments to its WPCs addressing updated depreciation rates for Mustang Generating Station assets and Antelope Elk Energy Center's generating and associated switchyard assets. Golden Spread also filed to amend the schedule within Golden Spread's Formula Rate Template located in Exhibit B, Schedule D of each WPC to list the new depreciation rates. The changes in depreciation rates reflect a combined increase in annual depreciation expense of \$2.9 million. Golden Spread requested a December 15, 2023 effective date. FERC accepted the filing on November 21, 2023, with the requested effective date.

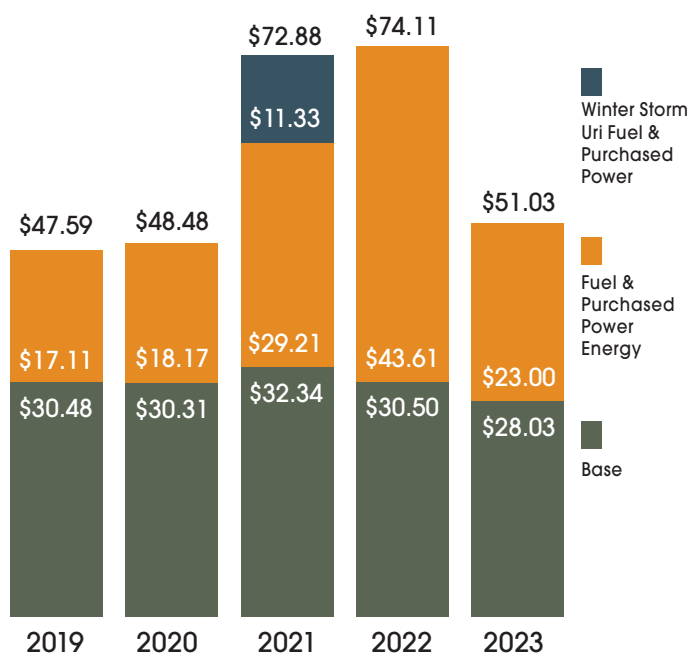
On May 1, 2023, Golden Spread sought to renew its authorization under Section 204 of the Federal Power Act to issue debt. On July 17, 2023, FERC approved Golden Spread's authorization to (1) issue short-term debt in an aggregate amount not to exceed \$600.0 million, (2) issue long-term debt in an aggregate amount not to exceed \$2.0 billion, and (3) continue to issue or assume notes in connection with the special facility transactions under Rider A of its wholesale rate through July 31, 2025.

Golden Spread has also intervened in PUCT cases that may affect Golden Spread or its Members' interests.

In May 2023, the EPA issued its proposal to amend its New Source Rule (for new, modified and reconstructed plants). Golden Spread submitted comments to EPA's proposal and is also working with its national association, the National Rural Electric Cooperative Association (NRECA), on advocacy. Golden Spread's comments requested that EPA reconsider its proposed ceiling for new "low load" natural gas-fired combustions and the impacts associated with the use of clean hydrogen in geographic areas with limited water resources.

## Rates

### AVERAGE RATE TO MEMBERS (\$/MWH)



Golden Spread utilizes market purchases to reduce Members' rates when market prices are less than its incremental production cost. In 2023, 53% of the energy needed to serve Members' loads was purchased from these markets. Natural gas prices, which is a significant component of Golden Spread's production costs, averaged \$1.80 per MMBtu in 2023 compared to \$5.70 per MMBtu for the same period in 2022.

## RESULTS OF OPERATIONS

### Sales

Sales are summarized in the following table:

## SUMMARY OF SALES AND REVENUE

	YTD ended December 31,	
	2023	2022
<b>Operating Revenues (\$ in 000s)</b>		
Member System Service Rate Sales (net of Deferred Member Sales of \$7,691 and \$6,109)	\$ 500,623	\$ 630,757
Member Rider A Sales	15,519	12,700
Nonmember Sales (net of Deferred Nonmember sales of \$82,744 and \$24,914)	25,641	88,911
Recognized Nonmember Sales	12,190	14,140
Other	7,519	2,952
<b>Total Operating Revenues</b>	<b>\$ 561,492</b>	<b>\$ 749,460</b>
<b>Megawatt-Hour Sales (MWh in 000s)</b>		
SPP Member Sales	6,558	6,450
ERCOT Member Sales	3,252	2,061
<b>Total Member Sales*</b>	<b>9,810</b>	<b>8,511</b>
Nonmember Sales (includes energy and ancillary services sales)	1,241	1,176
<b>Total MWh Sales</b>	<b>11,051</b>	<b>9,687</b>
<b>Average Rate to Members (\$/MWh)</b>	<b>\$ 51.03</b>	<b>\$ 74.11</b>

\* Includes Designated Service Rate

For the year ended December 31, 2023, the average rate to Members decreased as compared to the same time period in 2022. The lower rates in 2023 reflect a decrease in fuel and purchased power costs. Fuel and purchased power energy costs to Members averaged \$23.00 per MWh for the 12 months ended December 31, 2023, compared to the 2022 average price of \$43.61. Lower natural gas commodity costs affected the average fuel and purchased power energy costs.

Member megawatt-hour energy sales for 2023 were higher as compared to 2022. Member sales can be impacted by the variability in the oil and gas industry and fluctuations in weather, which affect irrigation sales. In 2023, ERCOT Member sales included organic sales, sales made under the Dedicated Service Rate Schedule (DSR) to loads including the South Plains Electric Cooperative load previously supplied by Brazos Electric Power Cooperative, Inc., as well as mega-consumer loads.

Golden Spread's WPCs require all nonmember margins and all major maintenance market revenue to be deferred as a regulatory liability. This attribute allows these revenues to be applied to future rate periods at

the discretion of Golden Spread's Board of Directors. This feature resulted in \$90.4 million of revenue being deferred as a regulatory liability in 2023.

## Net Margins

Margins include the annual Board-approved Equity Stabilization Charge (ESC), which establishes the amount of margin to be included in rates each year, nonmember sales and other sources of margins. The 2023 Board-approved ESC remained the same as in 2022. Other sources include interest earned on cash balances and patronage income. Interest income is affected in both years due to variations in interest rates and cash balances. Net margins for 2023 were \$18.4 million compared to \$17.5 million for 2022. Golden Spread's formula rate allows for the recovery of all costs plus an approved margin.

## Operating Expenses

Operating expenses are summarized in the table below:

	<b>YTD ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
<i>Dollars in thousands</i>		
Fuel and Purchased Power Energy	\$ 250,922	\$ 441,353
Transmission	93,194	84,369
Plant Operations and Maintenance	47,688	55,652
Administrative and General	37,651	36,104
Depreciation	53,599	49,560
Amortization of Deferred Charges	17,007	17,040
Taxes Other than Income Taxes	5,985	6,265
Other	21,040	17,523
<b>Total</b>	<b><u>\$ 527,086</u></b>	<b><u>\$ 707,866</u></b>

The changes in fuel and purchased power energy costs are directly related to the volume of sales, fuel costs, the volume of energy purchased under third-party power purchase agreements, and net settlements in the ERCOT and SPP markets. For Members' loads, Golden Spread uses the lowest-cost resources available.

Plant Operation and Maintenance (O&M) expenses vary from year to year based on a variety of factors ranging from the nature of operations, schedule of required planned maintenance and maintenance cost resulting from unplanned outages, along with other expenses necessary for plant operations.

Administrative and general costs in 2023 were higher compared to 2022 due to increased costs for insurance and outside services.

## Liquidity and Capital Resources

As of December 31, 2023, Golden Spread had available cash and cash equivalents of approximately \$316.4 million. Golden Spread also had lines of credit totaling \$250.0 million for liquidity purposes, such as the financing of current capital projects, inventory purchases and for other liquidity needs. As of December 31, 2023, \$27.2 million was borrowed under these credit lines. At December 31, 2023, Golden Spread had \$3.2 million in Restricted Cash held with a broker in a margin account. 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 June 2023, Golden Spread renewed a four-year line of credit agreement with National Rural Utilities Cooperative Finance Corporation (CFC) for \$120.0 million (previously \$80.0 million). In June 2023, Golden Spread renewed a three-year \$90.0 million line of credit with CoBank. In June 2023, Golden Spread renewed an unsecured committed line of credit for \$40.0 million from Amarillo National Bank for a term of two years.

### LINE OF CREDIT USAGE

	<b>YTD ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Amount Borrowed on		
Lines of Credit (in Millions)	\$ 27.2	\$ 12.0
Average Interest Rate	7.01%	3.87%

### CONTRACTUAL OBLIGATIONS AT DECEMBER 31, 2023

The following table details our fixed contractual obligations for 2024 through 2028.

	<b>PAYMENTS DUE</b>			
	<i>Dollars in thousands</i>			
	<b>Total</b>			
	<b>2024-2028</b>	<b>2024</b>	<b>2025-2026</b>	<b>2027-2028</b>
Principal Payments on Long-Term Debt	\$ 206,754	\$ 45,849	\$ 88,332	\$ 72,573
Interest Payments on Long-Term Debt	104,692	24,280	43,307	37,105
Purchased Power Obligations (1) - Energy	181,171	42,323	69,246	69,602
Firm Gas Transportation	63,680	12,736	25,472	25,472
Service Maintenance Agreement	9,608	2,135	4,270	3,203
Wind Ranch Land Lease-Minimum Rent	4,235	847	1,694	1,694
Operating Leases	1,256	381	491	384
<b>Total</b>	<b><u>\$571,396</u></b>	<b><u>\$128,551</u></b>	<b><u>\$232,812</u></b>	<b><u>\$210,033</u></b>

<sup>1</sup>Based on estimated energy delivered and forecasted pricing

Recognizing the need for equity and liquidity for operations, 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 a percentage of the prior year-end equity balance. In 2024, the Board authorized a patronage payment of \$18.6 million, which was paid in March 2024. In 2023, \$13.7 million of patronage was authorized and paid.

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 any future capital expenditures with an appropriate mix of debt and equity while maintaining strong financial metrics.

In October 2023, Standard & Poor's Rating Services reaffirmed its rating of Golden Spread to an A+. In July 2022, Fitch Ratings reaffirmed its rating on our 2005 Series senior secured debt of AA-, with a stable outlook. In February 2024, Moody's Investor Services reaffirmed its general corporate credit rating of A2 (unsecured) with a stable outlook.



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# **Golden Spread Electric Cooperative, Inc.**

## **Independent Auditor's Report and Consolidated Financial Statements**

December 31, 2023 and 2022

## Independent Auditor's Report

Board of Directors  
Golden Spread Electric Cooperative, Inc.

### **Opinion**

We have audited the consolidated financial statements of Golden Spread Electric Cooperative, Inc. and its subsidiaries (Golden Spread), which comprise the consolidated balance sheet as of December 31, 2023 and the related consolidated statements of margins, changes in Members' equity, and cash flows for the year then ended and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Golden Spread as of December 31, 2023 and the results of its operations and cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements" section of our report. We are required to be independent of Golden Spread, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Prior Year Audited by Other Auditors**

The 2022 consolidated financial statements were audited by other auditors, and their report thereon, dated April 24, 2023, expressed an unmodified opinion.

### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Golden Spread's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance



and, therefore, is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Golden Spread's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Golden Spread's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**FORVIS,LLP**

Oklahoma City, Oklahoma  
April 12, 2024

**Golden Spread Electric Cooperative, Inc.**  
**Consolidated Balance Sheets**  
**December 31, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>ASSETS</b>		
<b>Utility Plant, at Cost</b>		
Electric plant in service	\$ 1,231,741,542	\$ 1,214,153,398
Capital maintenance	38,164,016	38,164,016
Construction work in progress	25,687,663	8,468,861
	<u>1,295,593,221</u>	<u>1,260,786,275</u>
Less accumulated depreciation – plant and equipment	459,497,825	419,493,911
Less accumulated depreciation – capital maintenance	24,450,523	14,810,263
	<u>811,644,873</u>	<u>826,482,101</u>
<b>Total utility plant</b>		
	<u>811,644,873</u>	<u>826,482,101</u>
<b>Other Property and Investments – at Cost or Stated Value</b>		
Investments in associated organizations and special funds	8,559,225	7,827,225
Other property	13,558,380	14,261,728
	<u>22,117,605</u>	<u>22,088,953</u>
<b>Total other property and investments</b>		
	<u>22,117,605</u>	<u>22,088,953</u>
<b>Current Assets</b>		
Cash and cash equivalents	316,415,726	208,064,652
Restricted cash	3,203,744	14,196,446
Accounts receivable	37,558,256	40,339,876
Prepaid expenses and other current assets	93,026,840	59,266,897
Current deferred charges	23,645,280	32,838,105
	<u>473,849,846</u>	<u>354,705,976</u>
<b>Total current assets</b>		
	<u>473,849,846</u>	<u>354,705,976</u>
<b>Other Assets</b>		
Deferred charges	69,758,250	85,522,855
Other charges	328,000	190,000
	<u>70,086,250</u>	<u>85,712,855</u>
<b>Total other assets</b>		
	<u>70,086,250</u>	<u>85,712,855</u>
<b>Total assets</b>		
	<u>\$ 1,377,698,574</u>	<u>\$ 1,288,989,885</u>

*See Notes to Consolidated Financial Statements*

**Golden Spread Electric Cooperative, Inc.**  
**Consolidated Balance Sheets, continued**  
**December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>Members' Equity</b>		
Patronage capital	\$ 461,871,523	\$ 456,964,230
Contributed capital	9,269,568	9,521,547
Total Members' equity	<u>471,141,091</u>	<u>466,485,777</u>
<b>Long-Term Debt</b>		
Mortgage notes less current maturities	<u>528,802,677</u>	<u>566,913,140</u>
<b>Current Liabilities</b>		
Current maturities of long-term debt	45,848,662	44,335,805
Lines of credit	27,168,046	12,010,109
Accounts payable	18,960,937	11,250,127
Other accrued expenses	90,511,255	87,112,598
Current lease liabilities	1,029,852	1,021,674
Current regulatory liabilities	<u>37,620,537</u>	<u>17,961,601</u>
Total current liabilities	<u>221,139,289</u>	<u>173,691,914</u>
<b>Deferred Credits</b>		
Asset retirement obligations	7,182,851	4,677,551
Other deferred credits	3,575,047	3,184,403
Lease liabilities	10,398,190	11,428,042
Regulatory liabilities	<u>135,459,429</u>	<u>62,609,058</u>
Total deferred credits	<u>156,615,517</u>	<u>81,899,054</u>
Total liabilities and Members' equity	<u>\$ 1,377,698,574</u>	<u>\$ 1,288,989,885</u>

**Golden Spread Electric Cooperative, Inc.**  
**Consolidated Statements of Margins**  
**Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Operating Revenues</b>		
Wholesale power sales	\$ 538,454,554	\$ 733,808,269
Other operating revenues	23,038,301	15,651,311
Total operating revenues	<u>561,492,855</u>	<u>749,459,580</u>
<b>Operating Expenses</b>		
Purchased power	149,812,657	235,000,519
Fuel expense	101,109,562	206,352,221
Transmission expense	93,193,568	84,369,367
Other power supply expense	1,181,298	934,112
Plant operations and maintenance	46,506,601	54,717,378
Other operating expense	21,039,878	17,523,372
Administrative and general	37,651,441	36,103,911
Depreciation and amortization	53,598,528	49,559,545
Amortization of deferred charges	17,006,604	17,039,988
Taxes other than income taxes	5,985,211	6,265,230
Total operating expenses	<u>527,085,348</u>	<u>707,865,643</u>
<b>Operating Margins Before Fixed Charges</b>	<u>34,407,507</u>	<u>41,593,937</u>
<b>Fixed Charges</b>		
Short-term interest	1,998,052	1,024,338
Interest on long-term debt	24,954,784	25,842,092
Amortization of debt issuance costs	330,426	288,426
Total fixed charges	<u>27,283,262</u>	<u>27,154,856</u>
<b>Operating Margins After Fixed Charges</b>	<u>7,124,245</u>	<u>14,439,081</u>
<b>Nonoperating Margins</b>		
Interest and capital credit income	12,761,840	4,360,349
Other expense	(1,530,770)	(1,319,009)
Total nonoperating margins	<u>11,231,070</u>	<u>3,041,340</u>
<b>Net Margins</b>	<u>\$ 18,355,315</u>	<u>\$ 17,480,421</u>

*See Notes to Consolidated Financial Statements*

**Golden Spread Electric Cooperative, Inc.**  
**Consolidated Statements of Changes in Members' Equity**  
**Years Ended December 31, 2023 and 2022**

	<u>Patronage Capital</u>	<u>Contributed Capital</u>	<u>Total</u>
Balance, January 1, 2022	\$ 452,931,831	\$ 9,773,525	\$ 462,705,356
Net margins	17,480,421	-	17,480,421
Patronage/contributed capital retirement	<u>(13,448,022)</u>	<u>(251,978)</u>	<u>(13,700,000)</u>
Balance, December 31, 2022	456,964,230	9,521,547	466,485,777
Net margins	18,355,315	-	18,355,315
Patronage/contributed capital retirement	<u>(13,448,022)</u>	<u>(251,979)</u>	<u>(13,700,001)</u>
Balance, December 31, 2023	<u>\$ 461,871,523</u>	<u>\$ 9,269,568</u>	<u>\$ 471,141,091</u>

**Golden Spread Electric Cooperative, Inc.**  
**Consolidated Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Operating Activities</b>		
Net margins	\$ 18,355,315	\$ 17,480,421
Adjustments to reconcile net margins to net cash provided by operating activities		
Depreciation and amortization	70,605,132	66,599,533
Capital credits	(1,658,201)	(1,183,282)
Changes in assets and liabilities		
Deferred charges	(287,238)	(14,497,917)
Other charges	42,426	650,601
Deferred credits	390,644	(497,531)
Regulatory liabilities	76,215,141	23,183,382
Accounts receivable	2,781,620	(6,070,001)
Prepaid expenses and other current assets	(10,270,016)	(5,654,978)
Payables and other accrued expenses	2,587,476	25,766,163
	<u>158,762,299</u>	<u>105,776,391</u>
<b>Investing Activities</b>		
Additions to utility plant	(29,783,420)	(38,283,659)
Proceeds from sale of assets	358,085	-
Insurance proceeds	1,711,954	10,632,653
Changes to other property	703,349	762,594
Investments in associated organizations and other	926,200	645,576
	<u>(26,083,832)</u>	<u>(26,242,836)</u>
<b>Financing Activities</b>		
Retirement of patronage and contributed capital	(13,700,000)	(13,700,000)
Payments on long-term debt	(44,360,018)	(42,701,489)
Advance on long-term debt	7,581,985	9,943,455
Repayments – line of credit	(26,960,015)	(82,927,545)
Borrowings – line of credit	42,117,953	90,732,749
	<u>(35,320,095)</u>	<u>(38,652,830)</u>
<b>Increase in Cash, Cash Equivalents, and Restricted Cash</b>	97,358,372	40,880,725
<b>Cash, Cash Equivalents, and Restricted Cash, Beginning of Year</b>	<u>222,261,098</u>	<u>181,380,373</u>
<b>Cash, Cash Equivalents, and Restricted Cash, End of Year</b>	<u>\$ 319,619,470</u>	<u>\$ 222,261,098</u>
<b>Supplemental Cash Flows Information</b>		
Interest paid	\$ 27,537,665	\$ 26,562,487
<b>Noncash Investing and Financing Transactions</b>		
Transfer from (to) other current assets to (from) electric plant in service	\$ (592,494)	\$ 2,857,993
Additions to utility plant in payables and accrued expenses	\$ 8,736,345	\$ 1,157,976

*See Notes to Consolidated Financial Statements*

## **Note 1. Organization and Nature of Operations**

### ***Nature of Operations***

Golden Spread Electric Cooperative, Inc. (Golden Spread Inc.) is a public utility organized in 1984 to provide low cost, reliable electric service. Golden Spread Inc., is owned by 16 rural electric distribution cooperatives (referred to as Members) that provide service to their Members in the Panhandle, South Plains, and Edwards Plateau regions of Texas; the Panhandle of Oklahoma; and small portions of Southwest Kansas and Southeast Colorado. The Members' loads served by Golden Spread Inc., are located in the Electric Reliability Council of Texas (ERCOT) and the Southwest Power Pool (SPP) regions.

The accompanying consolidated financial statements include the accounts of Golden Spread Inc., and its wholly owned operating subsidiaries, Golden Spread Panhandle Wind Ranch, LLC (GSPWR) and GSEC Properties, LLC (GSEC Properties) as of and for the years ended December 31, 2023 and 2022. 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 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.

## **Note 2. Summary of Significant Accounting Policies**

### ***Principles of Consolidation***

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

### ***Operating Revenues***

Under the Golden Spread tariff for sales to its Members, 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. 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 accompanying consolidated balance sheets.

Golden Spread also has sales of energy to nonmembers that are billed monthly and sales of energy to nonmembers through the ERCOT and SPP Integrated Marketplaces that are settled daily or weekly depending on the market.

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 was recorded as of December 31, 2023 and 2022.

### ***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

**Golden Spread Electric Cooperative, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

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disposition of certain assets have been reflected on the accompanying consolidated statements of margins. 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	15–36 years
Transmission and distribution plant	6–70 years
Gas interconnections	15 years
General plant	3–10 years

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

AFUDC represents the cost of interest capitalized during the construction period for various capital assets under construction. AFUDC was \$0 in both 2023 and 2022.

***Debt Issuance Costs***

Debt issuance costs are amortized using the effective-interest method over the life of the underlying debt. Debt issuance cost, net of amortization, of \$1.4 million and \$1.6 million for 2023 and 2022, respectively, is presented as a reduction of the carrying amount of long-term debt.

***Cash and Cash Equivalents and Restricted Cash***

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.

Golden Spread has presented restricted cash separately from cash and cash equivalents in the accompanying consolidated balance sheets.

***Inventory***

Inventories are stated at cost and are included in prepaid expenses and other current assets in the accompanying consolidated balance sheets. Supervisory Control and Data Acquisition (SCADA) inventory are stated using the first-in, first-out method. The plant spare parts inventories are stated using the weighted average cost method.

***Other Property***

At December 31, 2023 and 2022, other property includes land, water rights, and an office building in which Golden Spread's headquarters are located.

***Regulatory Assets and Liabilities***

Golden Spread is subject to the accounting requirements related to regulated operations. In accordance with these accounting requirements, some revenues have been deferred at the discretion of the Board, which has budgetary and rate-setting authority, if it is probable that these amounts will be refunded or recovered through future rates. Regulatory assets are costs Golden Spread expects to recover from its Members based on rates approved by the Board in accordance with Golden Spread's rate policy. Regulatory liabilities represent probable future amounts that are expected to be refunded to Members based on rates approved by the Board in accordance with Golden Spread's rate policy. Inclusion of new regulatory assets or regulatory liabilities as determined by the Board may be subject to review and acceptance by FERC prior to incorporation in wholesale requirements rates.



**Golden Spread Electric Cooperative, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

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***Concentrations of Credit Risk***

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

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.

***Use of Estimates in the Preparation of Consolidated Financial Statements***

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (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.

***Income Taxes***

Golden Spread is a cooperative corporation that is tax-exempt under Internal Revenue Code Section 501(c)(12) in years where 85% of its gross income (as defined) is derived from sales to Members for the sole purpose of meeting losses and expenses (the 85% Test). For the year ended December 31, 2022, Golden Spread met the 85% Test, qualified for the tax exemption, and was required to file as an exempt cooperative. For the year ended December 31, 2023, Golden Spread did not meet the 85% Test and was required to file as a non-exempt cooperative.

Golden Spread's wholly owned subsidiary, GSPWR, was taxable as a C corporation under the Internal Revenue Code through March 31, 2023; at which time GSPWR elected, as a single member LLC, to be a disregarded entity of Golden Spread for income tax purposes. GSEC Properties is a single-member LLC and is a disregarded entity of Golden Spread for income tax purposes.

Golden Spread has adopted the uncertain tax positions provisions of GAAP. For the year ended December 31, 2023, the primary tax position of Golden Spread and disregarded entities is that all power sales are patronage sourced income and eligible for the patronage exclusion. For the year ended December 31, 2022, the primary tax position of Golden Spread is its filing status as a tax-exempt entity based on the annual 85% Test discussed above, and the primary tax position of GSPWR is that there are timing differences impacting taxable income. Golden Spread, all disregarded entities, and GSPWR (prior to conversion to a disregarded entity) have determined that it is more likely than not that these tax positions will be sustained upon examination by the Internal Revenue Service or other state taxing authority and that all tax benefits are likely to be realized upon settlement with taxing authorities.

Golden Spread, including all disregarded entities, and GSPWR prior to March 31, 2023 filed separate income tax returns in the U.S. federal jurisdiction and are no longer subject to income tax examinations by federal taxing authorities for years before 2020. GSEC Properties and GSPWR also file in the state of Texas and are no longer subject to income tax examinations by the applicable state taxing authority for years before 2019.

***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.

**Golden Spread Electric Cooperative, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

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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 within 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.

### **Leases**

Golden Spread evaluates contracts that may contain leases, including power purchase agreements (PPA) and arrangements for the use of wind generation facilities, office space, and data centers. Under current leasing guidance adopted on January 1, 2022, a contract contains a lease if it conveys the exclusive right to control the use of a specific asset. Leases result in the recognition of right-of-use (ROU) assets and lease liabilities on the balance sheet by lessees for those leases classified as operating leases. ROU assets represent Golden Spread's right to use an underlying asset for the lease term, and lease liabilities represent Golden Spread's obligation to make lease payments arising from the lease. Operating ROU assets and liabilities are recognized based on the discounted present value of the lease payments over the lease term at the discount rate, which is based on the risk-free rate. At the lease commencement date, Golden Spread determines if a lease is classified as an operating lease or finance lease. Operating lease ROU assets are presented in electric plant in service on the accompanying consolidated balance sheets.

The lease liability is recorded at the commencement date based on the present value of the future minimum lease payments over the lease term. The lease liability is subsequently measured at amortized cost using the effective-interest method. The current portion of lease liabilities is included in current liabilities and the long-term portion of lease liabilities is included in other deferred credits in the accompanying consolidated balance sheets.

The ROU asset is recorded at the commencement date at cost, which comprises the initial amount of the lease liability adjusted for lease payments made at or before the lease commencement date, plus any initial direct costs incurred less any lease incentives received. The ROU asset is subsequently measured at the carrying amount of the lease liability, plus initial direct costs, plus (minus) any prepaid (accrued) lease payments, less the unamortized balance of lease incentives received. If a lease does not provide an implicit rate, Golden Spread uses the risk-free rate for a consistent term in determining the present value of future payments.

The lease term includes options to extend or terminate the lease when it is reasonably certain that Golden Spread will exercise those options. If a lease contains non-lease components, they are not separated from lease components. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

Variable lease payments associated with certain PPAs and land agreements do not depend on an index or rate and, therefore, are recognized when the event, activity, or circumstance in the lease agreement on which those payments are assessed occurs. These variable lease payments are presented as either purchased power expense or plant operations and maintenance in the accompanying consolidated statements of margins.

Golden Spread has elected not to recognize ROU assets and lease liabilities for short-term leases that have a term of 12 months or less. Therefore, Golden Spread does not recognize a ROU asset or lease liability for such contracts; the lease payments for these short-term leases are recognized as an expense on a straight-line basis over the lease term.

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**Note 3. Utility Plant**

The components of utility plant are summarized as follows:

	<u>2023</u>	<u>2022</u>
Plant in service		
Land	\$ 2,826,034	\$ 2,826,034
Production plant	1,001,317,968	994,144,627
Transmission and distribution plant	183,798,256	171,153,873
General plant	32,371,242	33,579,148
Right-of-use assets	<u>11,428,042</u>	<u>12,449,716</u>
Total plant in service	1,231,741,542	1,214,153,398
Capital maintenance	38,164,016	38,164,016
Construction work in progress	<u>25,687,663</u>	<u>8,468,861</u>
Total utility plant	<u>\$ 1,295,593,221</u>	<u>\$ 1,260,786,275</u>

At December 31, 2023 and 2022, construction work in progress consisted primarily of construction expenditures related to production, transmission, and distribution plant.

Transmission and distribution plant consists of assets that Golden Spread constructs or acquires for the benefit of individual Members. The debt associated with special facilities is secured by mortgages with the National Rural Utilities Cooperative Finance Corporation (CFC) on the transmission and distribution plant.

Transmission and distribution plant are excluded from the Trust Indenture (see Note 8) 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 who benefit from the facilities.

**Note 4. Cash, Cash Equivalents, and Restricted Cash**

Cash and cash equivalents are summarized as follows:

	<u>2023</u>	<u>2022</u>
Cash	\$ 7,651,247	\$ 7,292,963
Commercial paper and certificate of deposit	94,604,289	14,274,437
CFC select notes	193,643,150	184,445,117
CFC daily fund investment	<u>20,517,040</u>	<u>2,052,135</u>
Total cash and cash equivalents	<u>\$ 316,415,726</u>	<u>\$ 208,064,652</u>

Cash and cash equivalents are recorded at cost, which approximates fair value. The CFC commercial papers matured February 8, 2024 with interest rates ranging from 5.14% to 5.16%. The Amarillo National Bank certificates of deposit matured January 29, 2024 and had an interest rate of 5.25%. The CFC select notes matured March 26, 2024

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and had interest rates ranging from 5.25% to 5.38%. The CFC daily fund investments earn interest at a variable interest rate (4.60% at December 31, 2023).

**Restricted Cash**

Restricted cash consists of cash held with a broker in a margin account that is used to purchase natural gas futures and options contracts.

**Note 5. 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 was amended in 2021, changing the expiration date related to maintenance of the units to expire after the third major inspection, which occurred in December 2021. The amounts for the third major inspection are amortized through 2025. The spare parts discounts and factory repair services will remain in effect through November 2024.

**Note 6. Deferred and Other Charges**

Deferred and other charges consist of the following:

	<u>2023</u>	<u>2022</u>
Deferred charges		
Regulatory asset – deferred Winter Storm Uri costs	\$ 82,910,945	\$ 99,859,434
Regulatory asset – deferred fuel and purchased power expense	6,638,676	15,611,897
Regulatory assets – other	1,558,888	1,853,137
Other deferred charges	<u>2,295,021</u>	<u>1,036,492</u>
	93,403,530	118,360,960
Less current deferred charges	<u>(23,645,280)</u>	<u>(32,838,105)</u>
	<u>\$ 69,758,250</u>	<u>\$ 85,522,855</u>
Other deferred charges		
Unamortized line of credit fees	<u>\$ 328,000</u>	<u>\$ 190,000</u>

Deferred and other charges consist of regulatory assets as well as other assets. In February 2021, the electric power markets in Texas were significantly impacted by Winter Storm Uri. Golden Spread recorded a regulatory asset in 2021 to defer recovery of a portion of the fuel expense and purchased power costs associated with Winter Storm Uri. At December 31, 2023, the balance of this regulatory asset was \$82.9 million, of which \$16.9 million is reflected as current deferred charges. These costs will be amortized over five, seven, and ten years based on Golden Spread's formula rate. The amortization periods were established based on the period over which Golden Spread's Members elected to defer the recovery of their portion of the deferred Winter Storm Uri costs. In both 2023 and 2022, \$16.9 million of the deferred costs associated with Winter Storm Uri were recorded as amortization of deferred charges.

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The regulatory assets deferred fuel and purchased power expense represents outstanding derivative liabilities (see Note 7) of \$3.6 million in 2023, and \$11.9 million in 2022. In addition, there was \$3.1 million in 2023 and \$3.7 million in 2022 of losses on fuel hedges, which were deferred as an adjustment to fuel expense as allowed under Golden Spread's formula rate. Other regulatory assets include \$1.2 million of Special Facility Assets (SFA) in 2023 and 2022, which are being amortized by the participating Member system over the average remaining life of those assets. In addition, \$0.4 million in 2023 and 2022 of unamortized prior service cost related to the Executive Benefit Restoration Plan is being amortized over the average future working lifetime of plan participants (see Note 14).

**Note 7. Derivative Instruments and Hedging**

Golden Spread routinely enters into physical commodity contracts for purchases of natural gas, energy, and capacity sales contracts with its Members. These types of contracts qualify for the normal purchases and normal sales exception under GAAP.

Golden Spread periodically uses derivative instruments to reduce the volatility of its costs for natural gas and energy. Any instrument not qualifying for the normal purchases and normal sales exception is recorded on the accompanying consolidated balance sheets at fair value. Changes in the fair value for those derivative instruments are reflected as a regulatory asset or liability. In 2023 and 2022, Golden Spread entered into forward energy contracts. The fair market value, based on Level 2 observations of broker quotes, was recorded as derivative assets and a regulatory liability of \$10.8 million at December 31, 2023 and a derivative liability and regulatory asset of \$1.0 million at December 31, 2022.

Golden Spread entered into contracts for natural gas fixed price swaps and index swaps. The fair market value based on Level 1 observations of broker quotes was recorded as regulatory assets and a derivative liability of \$3.6 million and \$10.8 million at December 31, 2023 and 2022, respectively.

In addition, Golden Spread periodically purchases Financial Transmission Rights (FTR) to manage future cash flows from congestion in energy markets. FTRs are purchased from ERCOT or SPP, and the value is derived from congestion revenues on a transmission path. These derivatives do not meet the normal purchases and normal sales exception and are recorded at fair value of \$9.3 million and \$5.8 million at December 31, 2023 and 2022, respectively, in the prepaid expenses and other current assets section of the accompanying consolidated balance sheets (see Note 10). Any gains or losses are recorded as an adjustment to purchased power expense and accrued as over- or under-recovery of revenue, as allowed under Golden Spread's formula rate.

Golden Spread's FTR assets are valued based on forward pricing from current auctions for the same paths. FTR values are affected by many factors. In addition to overall transmission load, values can be affected by unplanned outages, scheduled maintenance, weather, changes in the cost of fuels used in generation, and other areas that affect overall demand for electricity. These are less observable inputs, and therefore are assigned as Level 3 fair value measurement.

Changes in Level 3 FTR derivatives are as follows:

	<u>2023</u>	<u>2022</u>
Balance at January 1	\$ 16,923,332	\$ 8,274,193
Purchases	38,287,139	12,949,179
Settlements	(21,992,973)	(9,726,967)
Net gains recorded as regulatory liability	<u>3,977,789</u>	<u>5,426,927</u>
Balance at December 31	<u>\$ 37,195,287</u>	<u>\$ 16,923,332</u>

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**Note 8. Long-Term Debt**

Long-term debt is summarized as follows:

	<u>2023</u>	<u>2022</u>
5.75% senior secured notes, due through 2025	\$ 6,611,300	\$ 10,716,500
5.00% senior secured note, due through 2043	60,286,106	62,073,303
4.95% senior secured notes, due through 2041	114,123,792	117,985,668
4.35% senior secured notes, due through 2031	126,187,559	139,123,862
3.93% senior secured note, due through 2045	16,379,106	16,863,926
3.82% senior secured notes, due through 2045	32,813,903	33,784,090
3.75% senior secured note, due through 2045	32,764,621	33,739,691
3.50%–7.60% fixed rate mortgage notes, due through 2050	100,447,162	95,542,455
2.13% senior secured note, due through 2026	15,079,845	20,346,027
2.66% senior secured note, due through 2031	24,469,449	27,271,886
2.22% senior secured note, due through 2026	12,944,867	17,072,241
2.44% senior secured note, due through 2028	3,252,434	3,856,781
2.68% senior secured note, due through 2031	29,168,535	32,814,602
Variable rate mortgage notes, due through 2047	1,494,217	1,609,897
	<u>576,022,896</u>	<u>612,800,929</u>
Less debt issuance costs	(1,371,557)	(1,551,984)
Less current maturities	<u>(45,848,662)</u>	<u>(44,335,805)</u>
	<u>\$ 528,802,677</u>	<u>\$ 566,913,140</u>

On November 16, 2021, Golden Spread closed on a five-year \$21.1 million note with an interest rate of 2.22%, a seven-year \$4.4 million note with an interest rate of 2.44%, and a 10-year \$36.5 million note with a rate of 2.68% with CFC, all of which are senior secured. Also, on November 16, 2021, Golden Spread closed on a five-year \$25.5 million note with an interest rate of 2.13% and a 10-year \$30.0 million note with an interest rate of 2.66% with CoBank that are senior secured. Proceeds from these notes were used to finance the deferred fuel and purchased power costs from Winter Storm Uri.

The senior secured notes are fully amortizing over the term of the notes and 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 subsidiary issues 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. Assets held under the Trust Indenture totaled \$1,024 million at December 31, 2023 and includes land, production plant, plant-related general plant, and Designated Qualifying Securities of GSPWR (eliminated in consolidation), as reported on the accompanying 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 Trust Indenture also contains certain other covenants, which include the maintenance of (i) patronage capital and contributed capital in an amount of not less than \$50.0 million and (ii) a debt service coverage ratio of not less than 1.25.

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The variable and fixed rate mortgage notes are due in either monthly or quarterly installments and are secured by Golden Spread's transmission and distribution assets (with a net book value of \$106.5 million and \$97.4 million at December 31, 2023 and 2022, respectively) and the revenues recoverable through the special facilities charges associated with the transmission and distribution assets. These assets are excepted from the Trust Indenture, and the variable and fixed rate mortgage notes are not secured under the Trust Indenture. GSEC Properties assets are also excluded from the Trust Indenture.

As of December 31, 2023, annual maturities of long-term debt for the next five years are as follows:

2024	\$	45,848,662
2025	\$	45,444,014
2026	\$	42,888,041
2027	\$	35,603,214
2028	\$	36,969,906

**Note 9. Short-Term Credit Facilities**

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

	<u>2023</u>	<u>2022</u>
Borrowings under lines of credit at weighted average rates of 7.01% and 3.87% at December 31, 2023 and 2022, respectively	\$ 27,168,046	\$ 12,010,109

In June 2023, Golden Spread increased its line of credit with CFC (formerly \$80.0 million) to \$120.0 million and extended the expiration date to June 2028. The new agreement bears interest at the CFC line of credit rate for the five-year term. This line of credit is also available to provide letters of credit. A \$10.0 million letter of credit and a \$10.5 million letter of credit are issued under this arrangement at December 31, 2023. There were \$0 and \$2.0 million outstanding under this line of credit at December 31, 2023 and 2022, respectively.

In June 2023, Golden Spread renewed the \$90 million line of credit with CoBank and extended the expiration date to June 2026. The amended agreement bears interest at Prime plus a credit spread. Letters of credit issued under this agreement at December 31, 2023 and 2022 were \$50 million and \$37.0 million, respectively. There were no borrowings outstanding under this line of credit at December 31, 2023 or 2022.

In June 2023, Golden Spread renewed its \$40 million line of credit with Amarillo National Bank and extended the expiration date to June 2025. The amended agreement bears interest at Prime plus a credit spread. Borrowings under this line of credit at December 31, 2023 and 2022 were \$27.1 million and \$10.0 million, respectively.

**Note 10. Regulatory Liabilities**

Regulatory liabilities are \$173.1 million at December 31, 2023, of which \$37.6 million are current liabilities. These regulatory liabilities consist of deferred nonmember electric sales margins of \$119.4 million and deferred nonmember revenue to recover costs for major maintenance of \$33.7 million and deferred gain on derivatives of \$20.0 million, discussed in Note 7.

Regulatory liabilities are \$80.6 million at December 31, 2022, of which \$18.0 million are current liabilities. These regulatory liabilities consist of deferred nonmember electric sales margins of \$50.5 million and deferred nonmember revenue to recover costs for major maintenance of \$24.3 million and deferred gain on derivatives of \$5.8 million.

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Nonmember electric sales margins will be recognized in wholesale power sales upon Board approval over a period not to exceed 60 months beyond the deferral year. Deferred nonmember revenue to recover costs for major maintenance will be recognized as an offset to operation and maintenance expense upon Board approval in periods when major maintenance expenses are incurred. Each of these regulatory liabilities are designed to smooth rates and help Members plan and budget energy costs.

**Note 11. Asset Retirement Obligation**

The asset retirement obligation represents estimated costs associated with legal obligations to retire long-lived assets and 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's asset retirement obligation is associated with the obligation to restore the land-leased site for its wind turbines to a "green field" condition, as stated in its lease agreement. During the year ended December 31, 2023, an additional layer of cost was recognized due to an increase in the asset retirement obligation estimate. The additional layer was recognized at fair value, which is equivalent to the present value, in the period in which the additional layer occurred.

The asset retirement obligation is measured based on the present value of the estimated cash flows required to settle the obligation, which considers the expected timing of retirement, inflation rates, credit-adjusted risk-free rates, and any changes in the legal or contractual requirements.

The net asset retirement obligation, which is reported in deferred credits in the accompanying 2023 and 2022 consolidated balance sheets, and the changes in the net liability for the years ended December 31, 2023 and 2022, are as follows:

	<u>2023</u>	<u>2022</u>
Beginning balance	\$ 4,677,551	\$ 4,482,559
Additional asset retirement obligation cost	2,206,030	
Accretion expense	<u>299,270</u>	<u>194,992</u>
Ending balance	<u>\$ 7,182,851</u>	<u>\$ 4,677,551</u>

**Note 12. Income Taxes**

For the year ended December 31, 2022, Golden Spread met the 85% Test, qualified for the tax exemption, and was required to file as an exempt cooperative. For the year ended December 31, 2023, Golden Spread did not meet the 85% Test and was required to file as a non-exempt cooperative.

In general, each corporation, limited liability company, and limited partnership registered to do business in the state of Texas is subject to the state franchise tax on gross income, less applicable deductions, apportioned to the state. Golden Spread is exempt from the state franchise tax. However, GSEC Properties and GSPWR are subject to the tax and file the applicable annual tax reports.

Prior to its conversion to a disregarded entity, GSPWR filed a separate income tax return and reported net operating loss (NOL) carryovers of \$52.0 million for offsetting future sources of taxable income. Post conversion, \$51.5 million remains. Of this amount, \$33.9 million was incurred prior to January 1, 2018, has a carryover period not to exceed



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20 years, and begins to expire in calendar year 2032. The remaining \$17.6 million was incurred after December 31, 2017 and has a carryover period that is indefinite.

Tax return filings of Golden Spread include the operations of all subsidiaries treated as disregarded entities for federal income tax purposes. All such operations are non-taxable or taxable based on their connection to Golden Spread's tax-exempt purposes and patronage activities. For any year it is tax-exempt, Golden Spread is taxed on net income derived from unrelated trades or businesses. For the year ended December 31, 2022, Golden Spread did not engage in business activities deemed unrelated to its exempt purposes and patronage activities. For any year it is non-exempt, Golden Spread continues to operate on a cooperative and patronage basis with respect to business conducted for or with its Members. Accordingly, Golden Spread is allowed an exclusion from taxable income for the amount of patronage-sourced income allocated to the Members as patronage capital. Utilization of the patronage exclusion effectively reduces Golden Spread's taxable income to that income derived from non-patronage sources. For the year ended December 31, 2023, after utilization of available net operating loss carryovers, net taxable income and income tax expense from nonpatronage-sourced income is \$0.

Golden Spread, its disregarded entities, and GSPWR (prior to its conversion to a disregarded entity of Golden Spread) follow the asset and liability method for recording income taxes. The objective of the asset and liability method is to establish deferred tax assets and liabilities for temporary differences between the financial reporting basis and the tax basis of such assets and liabilities at enacted tax rates expected to be in effect when such amounts are realized and settled. As changes in the tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes.

Deferred income taxes result from transactions that enter into the determination of taxable income in different periods than recorded for financial reporting purposes. These differences represent future tax return consequences (increases and decreases in taxable income) when deferred tax assets and liabilities are recovered, realized, or settled. The principal sources of deferred federal income taxes are 1) differences in the depreciable tax cost basis and tax basis accumulated depreciation of GSPWR wind generation assets, and 2) NOL carryovers. Post conversion of GSPWR to a disregarded entity, the wind generation assets are used in the patronage activities of GSEC. Additionally, to the extent Golden Spread is tax-exempt, the NOL carryover is used to offset future sources of either patronage-sourced or nonpatronage-sourced income. Based on historical amounts of unrelated business taxable income when tax-exempt and nonpatronage-sourced income when non-exempt, a full valuation allowance has been recorded for the respective net deferred tax asset of \$10.8 million.

### **Note 13. Revenue**

Golden Spread has identified four revenue streams: Member Power Sales, Non-Member Power Sales, Transmission Revenue, and Service Agreement Revenue.

Revenues for Golden Spread are derived primarily from the sale of electric power to Members pursuant to long-term wholesale electric service contracts or "Wholesale Power Contracts" (WPC). All contracts with Members meet the criteria to be classified as revenue from contracts with customers. These contracts will not expire until the latter of the last unit is in service or 10-years notice is given. Golden Spread has 16 Member contracts to supply power requirements (energy and demand). These contracts are substantially identical; as such, Golden Spread does not incur significant contract acquisition costs. Pursuant to these contracts, Golden Spread is obligated to sell and deliver all power requirements to the Members, and the Members are obligated to purchase and receive all electric power and energy required for operations from Golden Spread. Golden Spread bills the Member distribution cooperatives monthly, and each Member distribution cooperative is required to pay monthly for power furnished under its wholesale power contract. The contract obligations are satisfied over time when control of electricity is transferred as energy is delivered or transmitted to the Member, and the Member distribution cooperatives simultaneously receive and consume the benefits of the electricity. Energy consumption and demand is read monthly for billing purposes. Revenue is recognized, and Members are invoiced based on consumption reported.

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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 accompanying consolidated balance sheets. Contract receivables at December 31, 2023, 2022, and 2021 were \$37.6 million, \$40.3 million, and \$34.3 million, respectively. At December 31, 2023, 2022, and 2021, contract liabilities representing amounts over-collected from Members, included in other accrued expenses, totaled \$46.7 million, \$36.3 million, and \$20.9 million, respectively.

Golden Spread also sells excess energy to nonmembers at prevailing market prices as control is transferred.

#### **Note 14. Pension Benefits**

Golden Spread provides pension benefits for substantially all its employees through the National Rural Electric Cooperative Association (NRECA) Retirement and Security Program (RS Plan). The RS Plan is a multiemployer defined-benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. 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 contribution to the RS Plan in 2023 and 2022 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 were \$3.6 million in 2023 and 2022. There have been no significant changes that affected the comparability of total employer contributions for 2023 and 2022. In the RS Plan, a "zone status" determination is not required and, therefore, not determined under the *Pension Protection Act of 2006* (Act). 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, 2023 and 2022 based on the Act funding target and the Act actuarial value of assets on those dates. Because the provisions of the Act 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 Committee (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. The prepayment amount will typically equal approximately 2.5 times a cooperative's annual RS Plan required contribution as of January 1, 2013. 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 \$3.6 million to the RS Plan. Golden Spread amortized this amount over 10 years.

Golden Spread also has a defined contribution plan (Savings Plan), which was established under Code Section 401(k) of the Internal Revenue Code. Under the Savings Plan, Golden Spread matches employee contributions up to a maximum of 4% of each participating employee's salary. Employer contributions to the Savings Plan for the years ended December 31, 2023 and 2022 was \$0.5 million.

Golden Spread has an unfunded nonqualified deferred compensation plan, Executive Benefit Restoration Plan (EBR Plan), for certain highly compensated employees that were not in the Pension Restoration Plan. The EBR Plan provides benefits for compensation that is in excess of the limits applicable to the RS Plan. Distributions from this plan are funded directly by Golden Spread upon vesting of eligible employees. The liability associated with the

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EBR Plan was \$1.9 million and \$1.6 million for the years ended December 31, 2023 and 2022, respectively. Such amounts are included in deferred credits in the accompanying consolidated financial statements. Periodic benefit costs of \$0.3 million and \$0.5 million were recorded in 2023 and 2022, respectively.

**Note 15. Significant Customers**

Golden Spread has two and four Members whose power purchases represent at least 10% of Golden Spread's annual power sales to its Members for the years ended December 31, 2023 and 2022, respectively, as follows:

	<u>Sales to Members</u>	<u>Total Sales</u>
<b>2023</b>		
South Plains Electric Cooperative, Inc.	17%	15%
Rita Blanca Electric Cooperative, Inc.	10%	9%
<b>2022</b>		
South Plains Electric Cooperative, Inc.	13%	12%
Rita Blanca Electric Cooperative, Inc.	11%	10%
Deaf Smith Electric Cooperative, Inc.	11%	9%
Tri-County Electric Cooperative, Inc.	10%	9%

**Note 16. Commitments and Contingencies**

Golden Spread is obligated under a capacity agreement with a third-party supplier to purchase deliverable capacity. These obligations total approximately 207 MW and run from June 2024 to September 2024.

Golden Spread is also obligated under long-term PPAs with certain of its Members and third-party suppliers to purchase energy in the ERCOT region. These PPAs total up to 180 MW and have terms of varying lengths, terminating from 2027 through 2032.

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

Golden Spread is committed to a multi-year maintenance program agreement. As per the terms, Golden Spread is obligated to procure various components, including parts, technical advisory services, repair services, and craft labor. The agreement, effective May 2023, is structured to conclude on a unit-specific basis upon completion of the first major inspections for each unit or within 10 years from the effective date (May 2033), depending on whichever occurs first. The minimum obligation within this agreement is \$20.0 million.

**Note 17. Leases**

Golden Spread has certain noncancellable operating leases, primarily for wind generation facilities, office space, and data centers. If a lease contains an option to extend or terminate the lease and there is reasonable certainty the option will be exercised, the option is considered in the lease term and cash flows from inception. Golden Spread's leases generally do not include termination options for either party to the lease. None of the Golden Spread lease agreements contain material residual value guarantees, material bargain purchase options, or material

**Golden Spread Electric Cooperative, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

restrictive covenants. Payments due under the lease contracts include fixed payments, except for the wind generation facilities, which have variable payments based on the power that is generated.

**Operating Leases**

Golden Spread enters into various leases for office space, data centers, and the land upon which GSPWR operates. These leases have varying terms and conditions and expire at various times through 2036. Operating leases are included in other assets as ROU assets and other liabilities for lease liabilities on the accompanying consolidated balance sheets.

Golden Spread also has PPAs for wind and solar energy and treats these contracts as operating leases. These leases have varying terms and conditions and expire at various times through 2034. These PPAs require variable payments based on net output. These PPAs require variable payments that do not depend on an index or a rate; therefore, these capacity payments are not accounted for as consideration in the contract by Golden Spread. As a result, Golden Spread will not recognize a lease liability and ROU asset for the PPA operating leases. The amounts paid under these PPAs will be expensed as purchased power when incurred.

**Finance Leases**

Golden Spread does not have any finance leases.

For the years ended December 31, 2023 and 2022, components of lease cost include the following:

	<u>2023</u>	<u>2022</u>
Lease expense		
Operating lease expense	\$ 1,228,459	\$ 1,279,114
Variable lease expense	15,962,672	17,779,498
Short term lease expense	<u>22,211</u>	<u>22,903</u>
Total lease expense	<u>\$ 17,213,342</u>	<u>\$ 19,081,515</u>

Golden Spread did not have any sublease income or sale and leaseback transactions for the years ended December 31, 2023 and 2022.

As of December 31, 2023, maturities of noncancellable operating lease liabilities were as follows:

2024	\$ 1,227,437
2025	1,141,648
2026	1,042,888
2027	1,042,888
2028	1,035,315
Thereafter	<u>7,243,514</u>
Total minimum lease payments	12,733,690
Amounts representing interest	<u>(1,305,648)</u>
Present value of minimum lease payments	11,428,042
Current maturities	<u>(1,029,852)</u>
Noncurrent lease liabilities	<u>\$ 10,398,190</u>

**Golden Spread Electric Cooperative, Inc.**  
**Notes to Consolidated Financial Statements**  
**December 31, 2023 and 2022**

Other information related to operating leases as of December 31, 2023 and 2022 was as follows:

	<u>2023</u>	<u>2022</u>
Other information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ (1,235,236)	\$ (1,285,891)
Operating cash flows from PPA operating lease	\$ (15,874,191)	\$ (17,526,938)
Weighted-average remaining lease term		
Operating leases	11.59 years	12.03 years
Weighted-average discount rate		
Operating leases	1.75%	1.74%

**Note 18. Other Accrued Expenses**

Other accrued expenses at December 31, 2023 and 2022 are as follows:

	<u>2023</u>	<u>2022</u>
Accrued taxes	\$ 4,510,318	\$ 4,746,400
Accrued interest	5,671,964	5,999,274
Member refunds	47,427,349	36,268,815
Accrued plant invoices	9,717,874	13,627,272
Accrued fuel expense	7,460,078	11,470,499
Derivative liabilities	3,632,885	11,870,950
Accrued substation invoice	8,382,277	-
Other	3,708,510	3,129,388
	<u>\$ 90,511,255</u>	<u>\$ 87,112,598</u>
Total other accrued expenses		

**Note 19. Subsequent Events**

Golden Spread's management has evaluated subsequent events from the balance sheet date through April 12, 2024, the date at which the consolidated financial statements were available to be issued.

# 5-Year Summary of Condensed Financial Data

	2023	2022	2021	2020	2019
<b>CONDENSED CONSOLIDATED INCOME STATEMENT DATA (000)</b>					
Operating Revenues	\$ 561,493	\$ 749,460	\$ 730,717	\$ 413,615	\$ 400,591
Operating Expenses					
Fuel, Purchased Power and Transmission	\$ 344,115	\$ 525,722	\$ 530,856	\$ 226,938	\$ 207,742
Plant Operations and Maintenance	47,688	55,651	50,055	46,656	41,667
Administrative and General	37,651	36,104	32,062	30,635	32,009
Depreciation and Amortization	53,599	49,560	48,631	46,053	46,922
Amortization of Deferred Charges	17,007	17,040	3,945	-	-
Taxes Other Than Income Taxes	5,985	6,265	6,944	7,343	8,121
Other Operating Expenses	21,040	17,523	14,417	15,316	14,739
Total Operating Expenses	\$ 527,085	\$ 707,866	\$ 686,909	\$ 372,941	\$ 351,200
Operating Margins - Before Fixed Charges	\$ 34,408	\$ 41,594	\$ 43,807	\$ 40,674	\$ 49,391
Fixed Charges	27,283	27,155	27,425	26,055	26,941
Operating Margins - After Fixed Charges	\$ 7,125	\$ 14,439	\$ 16,383	\$ 14,619	\$ 22,450
Nonoperating Margins	11,230	3,041	(697)	1,146	2,911
Net Margins	\$ 18,355	\$ 17,480	\$ 15,686	\$ 15,765	\$ 25,361
<b>CONDENSED CONSOLIDATED BALANCE SHEET DATA (000)</b>					
Utility Plant, net	\$ 811,645	\$ 826,482	\$ 833,030	\$ 813,320	\$ 817,014
Other Property and Investments	22,118	22,089	22,314	22,516	22,529
Cash, Cash Equivalents and Short-Term Investment Securities	316,416	208,065	181,380	208,179	192,228
Restricted Cash	3,204	14,196	-	-	-
Other Current Assets	154,230	132,445	116,289	126,044	118,236
Regulatory and Other Assets	70,086	85,713	103,487	2,874	3,023
<b>Total Assets</b>	<b>\$ 1,377,699</b>	<b>\$ 1,288,990</b>	<b>\$ 1,256,500</b>	<b>\$ 1,172,933</b>	<b>\$ 1,153,030</b>
<b>Total Members' Equity</b>	<b>\$ 471,141</b>	<b>\$ 466,486</b>	<b>\$ 462,705</b>	<b>\$ 447,019</b>	<b>\$ 458,754</b>
Long-Term Debt, excluding current maturities	\$ 528,803	\$ 566,913	\$ 603,117	\$ 524,112	\$ 539,267
Current Liabilities	221,139	173,692	139,266	106,384	85,257
Deferred Credits	156,616	81,899	51,412	95,418	69,752
<b>Total Liabilities</b>	<b>\$ 906,558</b>	<b>\$ 822,504</b>	<b>\$ 793,795</b>	<b>\$ 725,914</b>	<b>\$ 694,276</b>
<b>Total Members' Equity and Liabilities</b>	<b>\$ 1,377,699</b>	<b>\$ 1,288,990</b>	<b>\$ 1,256,500</b>	<b>\$ 1,172,933</b>	<b>\$ 1,153,030</b>
<b>OTHER FINANCIAL AND STATISTICAL DATA</b>					
<b>Energy Sales</b>					
Energy Sales to Members (MWh)	9,809,847	8,511,206	7,686,271	7,898,832	7,509,715
Energy Sales to Nonmembers (MWh) (1)	1,240,601	1,175,976	622,598	987,673	1,591,128
<b>Total Energy Sales (MWh)</b>	<b>11,050,448</b>	<b>9,687,181</b>	<b>8,308,869</b>	<b>8,886,505</b>	<b>9,100,843</b>
Member Peak Demand (MW)	1,840	1,689	1,654	1,686	1,730
Member System Load Factor (%)	54.36	56.64	53.01	53.31	49.52
Energy Generated (MWh) (2)	4,335,368	3,212,420	1,729,652	4,374,506	5,905,724
Energy Purchased (MWh) (2)	6,721,262	6,503,263	6,599,163	4,552,525	3,277,219
<b>Average Rate to Members (\$/MWh)</b>	<b>\$ 51.03</b>	<b>\$ 74.11</b>	<b>\$ 72.88</b>	<b>\$ 48.48</b>	<b>\$ 47.59</b>
<b>Average Natural Gas Commodity Price (\$/MMBtu)</b>	<b>\$ 1.80</b>	<b>\$ 5.70</b>	<b>\$ 4.49</b>	<b>\$ 1.35</b>	<b>\$ 1.06</b>
<b>Financial Ratios</b>					
Equity/Capitalization (%)	44	43	42	45	45
Debt Service Coverage (DSC) Ratio	1.63	1.60	1.75	1.75	1.97
Debt/Funds Available for Debt Service	6.08	6.64	7.08	6.31	5.65
Days Cash on Hand	244	115	104	232	221

(1) Includes energy and ancillary services sales

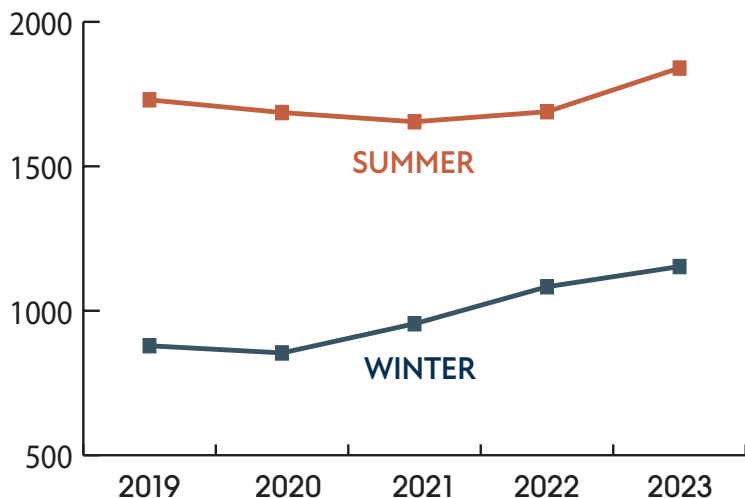
(2) Includes ancillary services for Member load



# Energy and Financial Charts

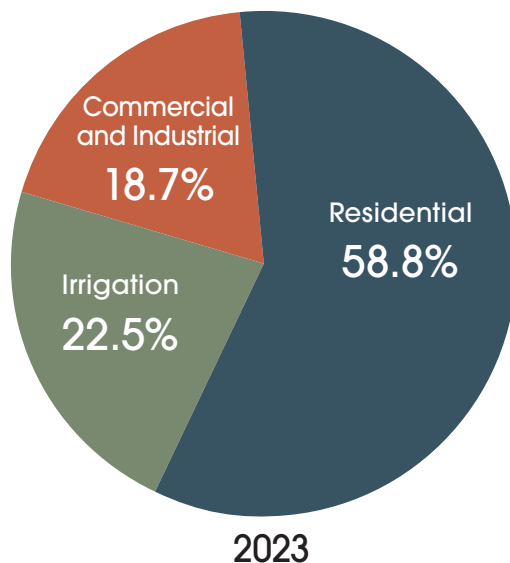
## Coincident Demand (MEGAWATTS)

Peak loads are affected by weather conditions, commodity prices and general load growth in the Members' service territories.



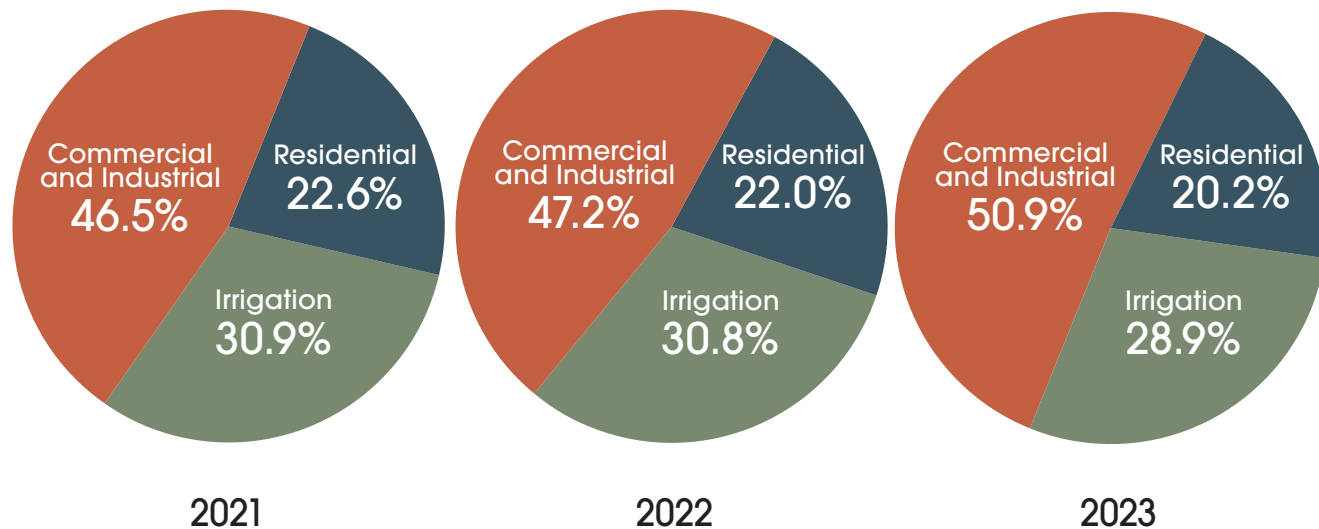
## Rate Classification

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



## Usage by Rate Classification

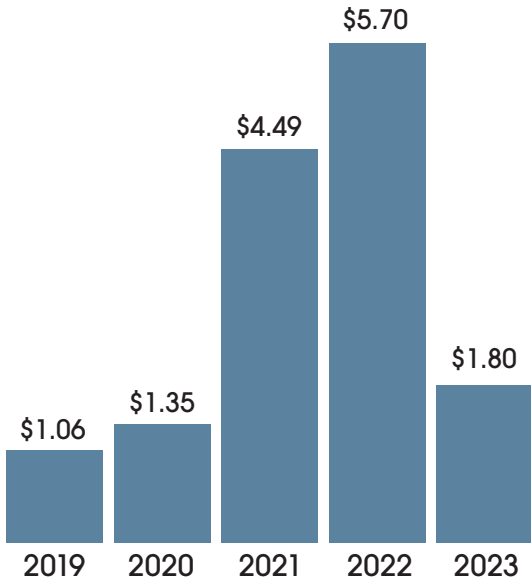
Weather conditions affect the mix of energy sales by classification – particularly the level of irrigation sales, which has ranged from 28% to 35% of total sales in the last few years.





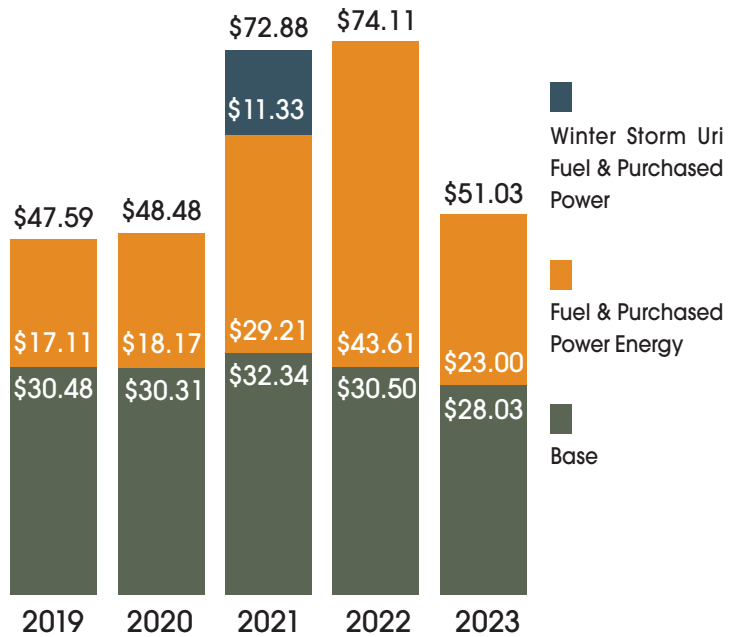
## Average Natural Gas Commodity Price (\$/MMBtu)

Natural gas prices have a direct effect on Members' rates.

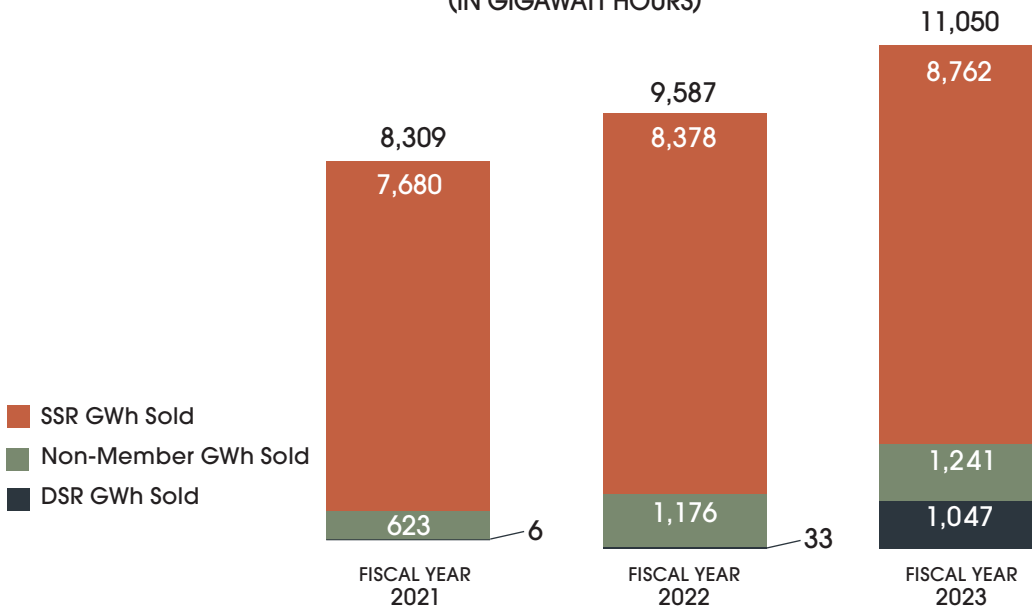


## Average Rate to Members (\$/MWh)

Average rate to Members decreased in 2023 due to lower natural gas prices.



## Sales by Rate Type (IN GIGAWATT HOURS)



Golden Spread offers two types of service to Members:

- Sales made under the System Service Rate (SSR), which rely on all of Golden Spread's resources including its power plants.
- Incremental sales are made under the Dedicated Service Rate (DSR), which uses specific assigned resources that match the load commitment. The majority of DSR sales are to mega-consumers and to South Plains Electric Cooperative for load that was previously served by Brazos Electric Cooperative.

In addition, Golden Spread sells into the ERCOT and SPP markets, accounting for non-Member sales.

# Member Cooperatives' Information

(DOLLARS IN THOUSANDS)

## 2023 SUMMARY

	BAILEY COUNTY	BIG COUNTRY	COLEMAN COUNTY	CONCHO VALLEY	DEAF SMITH	GREENBELT
Number of Employees .....	42	62	36	68	50	35
Total Services in Place .....	10,059	18,203	13,236	20,724	17,454	7,434
Miles of Distribution Line.....	2,777	5,381	3,811	4,422	3,783	2,627
Miles of Transmission Line ...	174	<b>75*</b>	<b>46*</b>	<b>36*</b>	129	<b>45*</b>
Peak Demand (kW - NCP) ....	84,788	92,097	49,737	100,108	183,521	39,405
Sales (MWh).....	365,267	349,641	186,806	518,206	837,336	200,570
Net Utility Plant .....	\$ 55,485	\$ 87,118	\$ 21,896	\$ 110,272	\$ 45,814	\$ 43,372
Assets.....	\$ 97,666	\$ 125,910	\$ 38,634	\$ 163,180	\$ 136,454	\$ 68,042
Margins Plus Equities.....	\$ 47,916	\$ 70,816	\$ 27,174	\$ 61,923	\$ 118,419	\$ 32,470
Revenues.....	\$ 26,108	\$ 46,881	\$ 14,937	\$ 48,449	\$ 64,794	\$ 22,278
Cost of Purchased Power .....	\$ 22,401	\$ 22,207	\$ 8,810	\$ 29,383	\$ 47,079	\$ 12,959
Interest on Long-Term Debt ..	\$ 1,805	\$ 1,666	\$ 368	\$ 3,073	\$ 257	\$ 1,328
Net Margins .....	\$ 2,038	\$ 8,929	\$ 3,089	\$ 3,057	\$ 15,055	\$ 4,390
DSC .....	3.33	3.78	2.76	1.77	15.54	2.85
Equity Ratio (%) .....	51.00%	56.24%	70.30%	37.95%	89.00%	47.72%

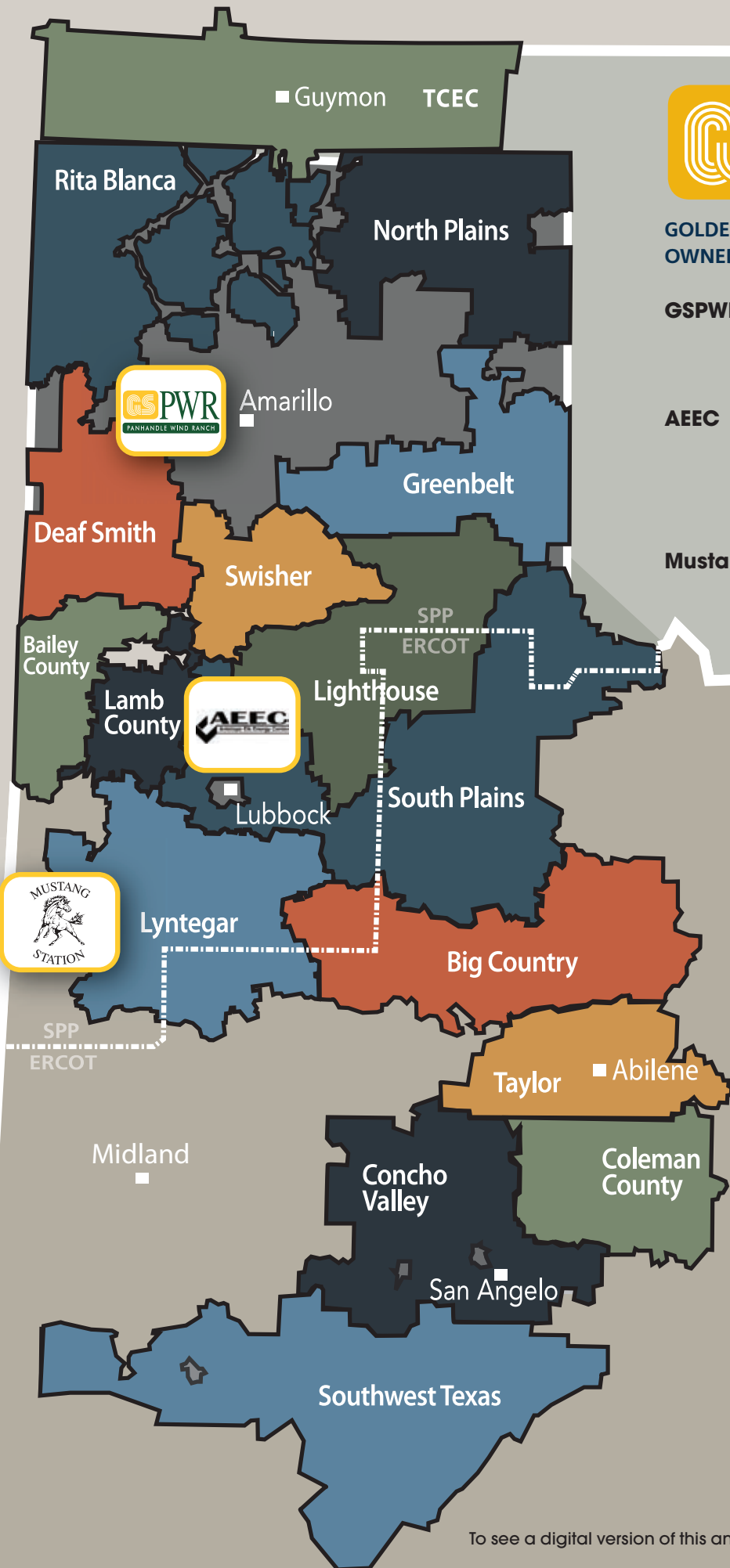
  

	LAMB COUNTY	LIGHTHOUSE	LYNTEGAR	NORTH PLAINS	RITA BLANCA	SOUTH PLAINS
Number of Employees .....	40	45	102	48	36	160
Total Services in Place .....	13,519	11,403	25,362	7,659	9,777	86,920
Miles of Distribution Line.....	3,252	4,598	6,846	3,505	3,459	10,242
Miles of Transmission Line ...	39	94	111	278	56	<b>123*</b>
Peak Demand (kW - NCP) ....	94,510	108,529	219,820	109,756	203,909	412,680
Sales (MWh).....	367,762	440,437	869,406	394,675	926,499	1,688,658
Net Utility Plant .....	\$ 43,993	\$ 65,591	\$ 188,386	\$ 74,103	\$ 84,377	\$ 332,251
Assets.....	\$ 91,000	\$ 110,095	\$ 299,790	\$ 123,905	\$ 150,809	\$ 514,720
Margins Plus Equities.....	\$ 56,917	\$ 60,573	\$ 155,685	\$ 65,372	\$ 121,157	\$ 230,975
Revenues .....	\$ 32,913	\$ 37,761	\$ 79,398	\$ 38,095	\$ 69,190	\$ 172,214
Cost of Purchased Power .....	\$ 20,866	\$ 24,180	\$ 48,672	\$ 24,130	\$ 51,031	\$ 117,231
Interest on Long-Term Debt ..	\$ 1,214	\$ 1,580	\$ 5,107	\$ 1,618	\$ 511	\$ 7,787
Net Margins .....	\$ 6,639	\$ 6,197	\$ 15,664	\$ 9,352	\$ 19,617	\$ 22,877
DSC .....	3.74	2.87	2.81	3.97	8.94	2.73
Equity Ratio (%) .....	62.55%	55.01%	51.93%	52.60%	80.34%	44.86%

	SOUTHWEST TEXAS	SWISHER	TAYLOR	TCEC	TOTAL
Number of Employees .....	50	35	90	96	995
Total Services in Place .....	15,441	9,745	30,553	22,670	320,159
Miles of Distribution Line.....	5,448	3,710	5,211	4,955	74,027
Miles of Transmission Line ...	1	145	<b>34*</b>	1	1,387
Peak Demand (kW - NCP) ....	45,778	60,275	147,244	150,651	2,102,808
Sales (MWh).....	317,669	168,803	501,449	828,141	8,961,325
Net Utility Plant .....	\$ 52,385	\$ 38,765	\$ 170,587	\$ 252,481	1,666,876
Assets.....	\$ 86,379	\$ 74,478	\$ 224,158	\$ 360,633	2,665,853
Margins Plus Equities.....	\$ 57,499	\$ 44,261	\$ 86,442	\$ 116,002	1,353,601
Revenues.....	\$ 27,921	\$ 26,469	\$ 65,081	\$ 104,971	877,460
Cost of Purchased Power .....	\$ 15,245	\$ 16,328	\$ 33,712	\$ 61,839	556,073
Interest on Long-Term Debt ..	\$ 780	\$ 934	\$ 5,140	\$ 11,691	44,859
Net Margins .....	\$ 1,618	\$ 4,890	\$ 10,261	\$ 15,390	149,063
DSC .....	3.17	2.06	1.72	2.10	64.14
Equity Ratio (%) .....	66.56%	59.40%	38.56%	31.89%	55.99%

\*Golden Spread Transmission Lines



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

**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



**Golden Spread**  
**Electric Cooperative, Inc.**

A Touchstone Energy® Cooperative 

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