



GOLDEN SPREAD ELECTRIC COOPERATIVE, INC.
2020 ANNUAL REPORT

adaptation is
POWER



2022
2022
2021
2020
2019

Adaptability Is Power

The year 2020 will certainly go down in history as unforgettable. COVID-19 forced us to alter our lives on both a personal and professional level. For many of us, these adaptations are ongoing.

In these pages, we invite you on a road trip to see the many ways Golden Spread Electric Cooperative and its Member Cooperatives proved that **Adaptability Is Power**. We learned valuable lessons on this year's journey and proved our resilience time and again.

One day of our road trip took us through the territory served by our Member Lighthouse Electric Cooperative – shown below as we passed a wind farm on a beautiful rainy day. We saw a dedicated staff for whom remote work was not an option. Their hands-on approach to serving their members required a number of safety adaptations to protect the health of both their members and employees.

Join us on a journey through this unforgettable year.

SWISHER

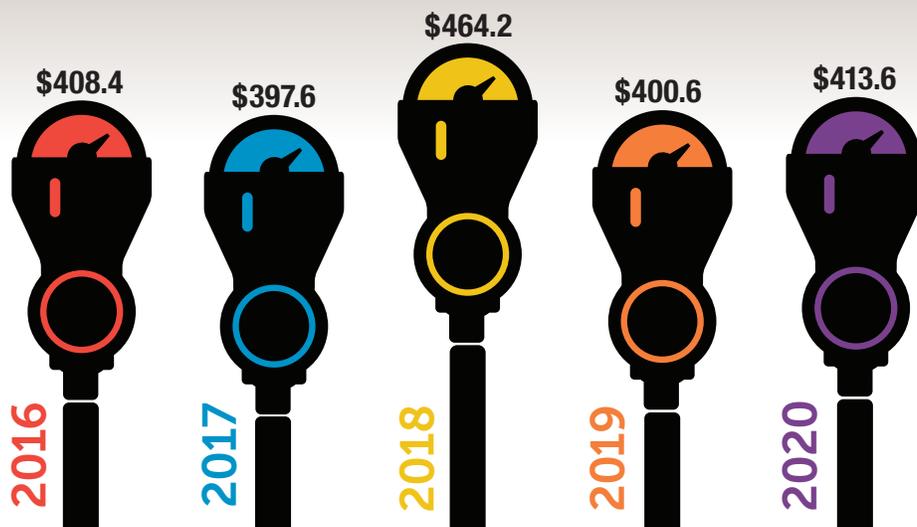
Swisher Electric Cooperative staff took action to keep their members and employees safe by temporarily closing access to the lobby and encouraging more use of their drive-up facilities and night drop box. They quickly learned to rely heavily on social media to keep their members informed, and they also increased their use of email for member applications and service agreements. Swisher's membership adapted to the changes, and many continue to take advantage of these alternate methods of transacting business.



key data

	2020	2019
CONDENSED FINANCIAL DATA		
Operating Revenues	\$ 413,615,379	\$ 400,591,411
Operating Expenses	372,941,118	351,199,982
Operating Margins, before Fixed Charges	40,674,261	49,391,429
Fixed Charges	26,055,352	26,940,993
Non-Operating Margins	1,146,488	2,911,013
Net Margins	15,765,397	25,361,449
Total Assets	1,172,932,614	1,153,029,510
Long-Term Debt	549,416,280	563,718,084
Members' Equity	447,019,411	458,754,014
GSEC Properties - EBITDA	\$ 754,605	\$ 611,650
FINANCIAL RATIOS		
Total Equity/Total Assets (%)	38.11	39.79
Days Cash on Hand	232	221
Debt Service Coverage (DSC) Ratio	1.75	1.97
Debt/Funds Available for Debt Service	6.31	5.65
Total Equity/Total Capitalization (%)	44.67	44.70
OPERATING STATISTICS		
Average Sales Price/MWh - Members	\$ 48.48	\$ 47.59
Energy Sales to Members (MWh) - SPP	6,223,750	5,718,213
Energy Sales to Members (MWh) - ERCOT	1,674,145	1,790,433
Energy Sales Pilot Rider C (MWh) - ERCOT	937	1,070
Energy Sales to Members (MWh) - Total	<u>7,898,832</u>	<u>7,509,715</u>
Member Peak Demand (MW) - SPP	1,403	1,420
Member Peak Demand (MW) - ERCOT	283	309
Member Peak Demand Rider C (MW) - ERCOT	-	1
Member Peak Demand (MW) - Total	<u>1,686</u>	<u>1,730</u>
Gas Purchased (MMBtu)	38,168,504	52,926,278

OPERATING REVENUES (IN MILLIONS OF DOLLARS)



Variations in operating revenues are due to the volume of kWh sales, fuel prices, operating expenses and Board-approved margins. The 2019 and 2020 operating revenues do not include deferred nonmember revenue.

letter FROM THE PRESIDENT AND THE CHAIRMAN OF THE BOARD

How do you sum up a year like 2020? Last year provided the world with unique challenges and unexpected, unprecedented situations. In addition to the pandemic conditions of COVID-19 affecting every business, Golden Spread navigated leadership changes throughout the year with tremendous adaptability and utmost grace and integrity.

At the end of our letter in last year's annual report, our former CEO Mark Schwartz cited three of Golden Spread's strengths that make our cooperative successful: a robust strategy, a stable organization and a strong partnership. We had no idea how much we would need those strengths not only to survive such a challenging year, but to come out of 2020 even stronger.

Because of the durable foundation the last few years have provided, we were able to stay the course this year and deliver on the next phase of our three-year strategic plan while advancing major operational initiatives. The foundational work from our Board and leadership over the last decade prepared Golden Spread to manage adversity, change and challenges as we continued to deliver on our mission and vision.

The first challenge of 2020 coincided with COVID-19's impact on our region. In the middle of March, Mark Schwartz, CEO for the past 11 years, needed to take time away to focus on his health. At the March Board of Directors meeting, the Board asked outgoing CFO Scott Gross to delay his retirement and step in as interim CEO, and he graciously accepted. Gross led the organization until September 2, 2020, when the Board named Kari Hollandsworth Golden Spread's third president and CEO.



KARI HOLLANDSWORTH: *I've served in various roles during my 11-year tenure at Golden Spread, and most recently, I was the Vice President of Commercial and Asset Operations. As employee number 14, I was part of the foundational*

team that established our power generation plans, developed our staff to replace outside consultants and laid out our current strategic focus areas. I have a wide range of experience at Golden Spread, serving in roles that involved risk management, budgeting, financial forecasting, resource planning and electric trading.



STAN McCLENDON: *One of the Board's goals in choosing a new CEO was to continue the direction Mark Schwartz had begun. The strategy set by the Board has worked, and because of this, we see no major changes in the near future. The three-year strategic plan unveiled in late 2019 will still be followed. Kari's institutional knowledge, broad industry background and rural upbringing make her well-suited to lead the Golden Spread staff through the next phase of evolution in our industry.*

Beyond the CEO position, we had a number of organizational leadership changes in 2020: Golden Spread promoted a new Vice President of Commercial and Asset Operations and a new CFO and also experienced the departure of our CIO.

The challenges of the pandemic also required Golden Spread to make the rapid shift to remote work where possible. We needed to ensure our IT systems, communication networks and partners in plant and market operations were prepared to keep their staffs and infrastructure safe and operational while providing critical services to our Membership. Staff adaptability and system preparedness allowed a seamless transition, and we continued remote work until late summer when conditions were safe enough to resume partial office occupancy.

Our sales were significantly different from previous years, as well. Global economic impacts to the oil and gas industry resulted in lower loads than normal, but that drop was partially offset by increased residential load as Member-Consumers

(CONTINUED)



The Golden Spread Executive Team is comprised of, from back left, Kari Hollandsworth, President and Chief Executive Officer; Matt Lowe, Chief Financial Officer; Matt Moore, Vice President of Commercial and Asset Operations; Bill Harrelson, Chief Legal Officer, General Counsel and Chief Compliance Officer; front row, John Eichelmann, Vice President of Member Services and Power Delivery; Michelle Blackmore, Vice President of Human Resources; and Jennifer Altmiller, Manager, Executive and Business Services.

■ letter FROM THE PRESIDENT AND THE CHAIRMAN OF THE BOARD (CONTINUED)

stayed home. We had strong irrigation sales, with sales coming in approximately 2% over budget. The load diversity in Golden Spread's territory allowed our financials to remain strong and our rates to remain competitive even as demand shifted.

While adapting to the challenges of 2020, Golden Spread progressed on major initiatives, including work toward the completion of our transmission operations center. We completed construction on communications networks and primary and back-up centers, and staffing and training are currently underway.

This last year also included the near completion of a major outage for one of our combustion turbines at Mustang Station. We were able to replace the turbine rotor with a previously purchased spare, upgrade the combustion system and complete a major control upgrade for all of Mustang Station. This outage would have been challenging in typical conditions, but COVID-19 protocols and a tight timeline added significant challenges. The orchestration and execution of this initiative was nothing short of remarkable.

During 2020, we made substantial progress toward the completion of three major ongoing projects:

- In our continued efforts to mature organizational compliance, expertise and controls, we leveraged our relationship with ACES to begin performing Electric Reliability Council of Texas (ERCOT) Qualified Scheduling Entity and North American Electric Reliability Corporation (NERC) Generator Operator functions in 2021. Throughout 2020, we laid the groundwork with

Golden Spread, ACES and NRG, our third-party operator, focusing on contract amendments to facilitate the transfer of those services, define roles and compliance requirements, and install communication networks and equipment to ensure the success of this transition.

- We anticipate a mid-2021 go-live transition from externally supplied services to our internal transmission operations center. Moving these operations in-house will allow us to increase focus on Members' systems and needs and potentially offer additional services.

- The Board's choice to earmark prior years' non-member margins for generator upgrades shows its long-term commitment to reliable power and competitive energy rates. Maintaining our power plants will require major overhauls over the next few years, and this plan will ensure those overhauls are successful.

With Winter Storm Uri in February 2021, Golden Spread has seen additional challenges. The suffering caused by the storm and devastation to many in our territories will require all of us working together to recover and ensure the industry is better prepared for future severe weather events.

Golden Spread's numerous accomplishments in 2020 only further highlight the flexibility and cooperative spirit of the Board and staff. What a year for The Power of Adaptability!



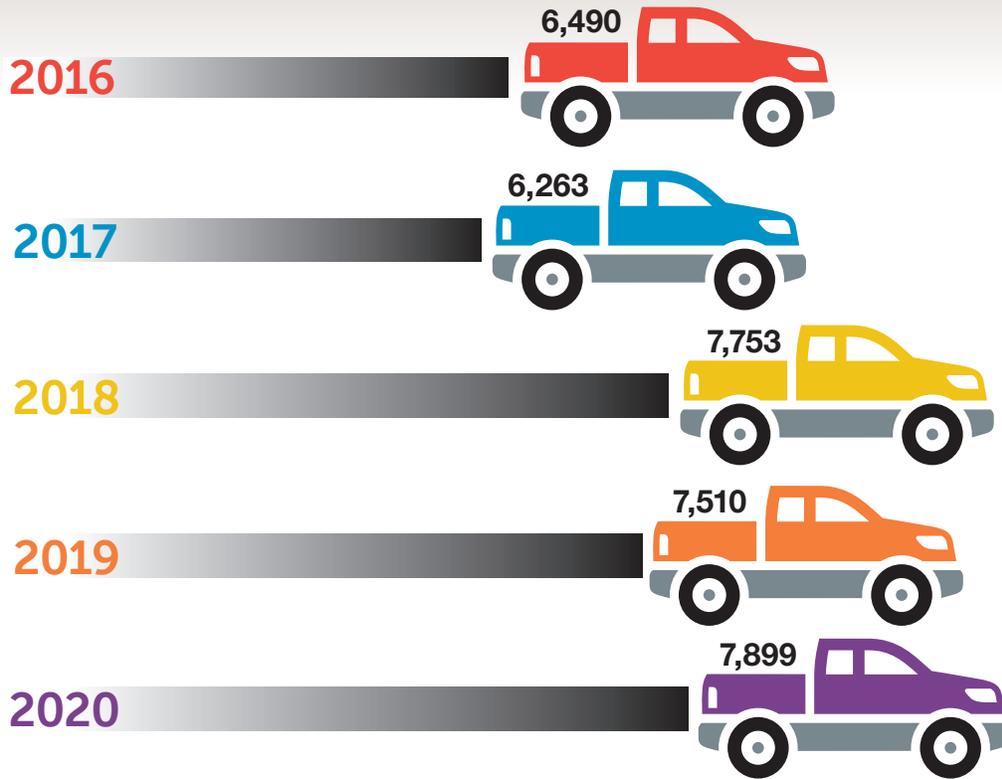
Kari Hollandsworth



Stan McClendon



SALES TO MEMBERS
(IN MILLIONS OF KILOWATT HOURS)



Fluctuations in kWh sales to Members are generally caused by weather conditions and resulting demand. New load in TCEC and increased oil and gas activity began in 2018 and continues to have a positive impact on sales to Members.

INVESTMENT TO UTILITY PLANT IN SERVICE
(IN MILLIONS OF DOLLARS)



As a result of load growth and expiring power purchase contracts, Golden Spread expanded its generation fleet. That expansion was completed in 2016.

■ moving onward

STATE-OF-THE-ART CENTER SET TO MEET MEMBERS' TRANSMISSION OPERATIONS NEEDS

In 2020, Golden Spread launched the construction and development of a 24/7/365 Operations Center which will serve and function as an ERCOT Transmission Operator (TO). This Operations Center will include a primary and backup location.

The primary purpose of the Operations Center will be to meet the TO requirements of our Members that operate in the Electric Reliability Council of Texas (ERCOT) region. Since 2012, the ERCOT TO function has been outsourced to a third party, South Texas Electric Cooperative (STEC).

STEC has done a good job providing TO services to our Members. However, Golden Spread has decided to bring these services in-house to further meet evolving needs and requirements.

Golden Spread will have several employees to staff and support the Operations Center,

which will have transmission system operators on duty at all times. The system operators will monitor Members' transmission voltage, conduct switching coordination with Members on transmission facilities and notify ERCOT of required system changes.

Additionally, the Golden Spread system operators will coordinate emergency events, including manual load-shed directives and load restoration after manual load-shed and under-frequency events. Members will also coordinate with the Golden Spread system operators on any planned or forced transmission outages which require notification to ERCOT in the outage scheduler.

The ultimate goal of the Operations Center will be to serve our Members by helping to increase reliability. The Operations Center is scheduled to be operational in the summer of 2021.



■ racing ahead

GOLDEN SPREAD PARTNERS WITH ACES TO STREAMLINE MARKET INTERACTIONS

Golden Spread's generation assets provide energy to two markets, the Electric Reliability Council of Texas (ERCOT) and the Southwest Power Pool (SPP). Each of these markets maintain central authorities that schedule, monitor and dispatch generating units connected to their systems to constantly balance the supply and demand of energy provided to their respective grids.

Planning and real-time interaction of the generating units with each market requires that market participants, including Golden Spread, use proprietary systems to communicate and comply with instructions prescribed by market rules and procedures.

Golden Spread is executing a project to improve interactions between its generation resources and each of these markets. ACES, a nationwide energy management company, will soon assume responsibility for the management of Golden Spread's market participation activities and will be responsible for implementing Golden Spread's programs to ensure facility compliance with all reliability and market requirements.

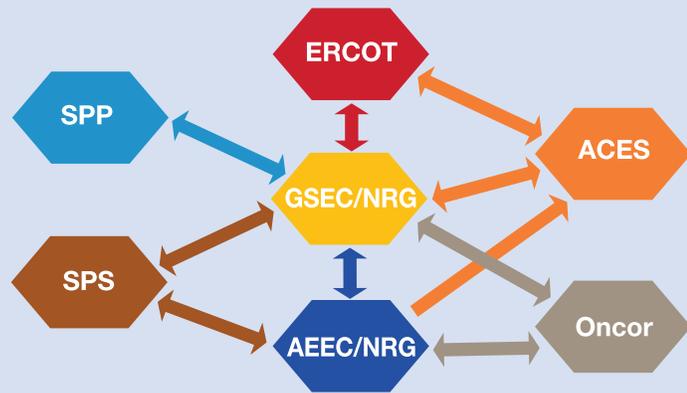
This shift in responsibility will leverage ACES' expertise in these functional areas and will allow Golden Spread to benefit from economies of scale offered by ACES' operating model.

ACES maintains and operates a purpose-built energy management system to facilitate interfaces between generating resources and markets. The industry relies on these tools to automate data transfer, supplement communication, enhance compliance and reduce errors.

Golden Spread expects to realize benefits provided by an energy management system while sharing the cost of the system with other organizations that also subscribe to ACES' services. Similar economies will be realized through the sharing of control centers, operating staff, compliance staff and technical resources. This expanded relationship with ACES is expected to enhance Golden Spread's operations upon its implementation in April 2021.

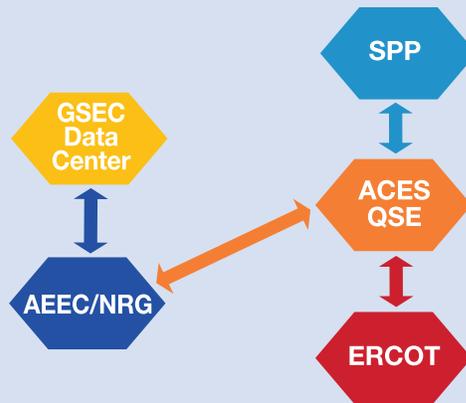
These illustrations show how Golden Spread has streamlined the communications between its Antelope Elk Energy Center (AEEC) and the two markets – ERCOT and SPP – to which it provides energy.

Current Real-Time Interaction of Generating Units with ERCOT and SPP



GSEC/NRG = Golden Spread and NRG Energy
 ERCOT = Electric Reliability Council of Texas
 SPP = Southwest Power Pool
 SPS = Southwestern Public Service Company
 AEEC/NRG = Antelope Elk Energy Center and NRG Energy
 Oncor = Oncor Electric Delivery Company
 ACES = ACES, a nationwide energy management partner

Streamlined Real-Time Interaction of Generating Units with ERCOT and SPP



GSEC Data Center = Golden Spread
 AEEC/NRG = Antelope Elk Energy Center and NRG Energy
 SPP = Southwest Power Pool
 ACES QSE = ACES - a nationwide energy management partner that is the qualified scheduling entity
 ERCOT = Electric Reliability Council of Texas

steering on ice

WINTER STORMS WREAK HAVOC IN 2020 AND 2021

WINTER STORM BILLY

In October 2020, West Texas experienced a very severe storm with high winds, snow and damaging ice. Known as Winter Storm Billy, it caused millions of dollars in damage to Golden Spread Members' distribution systems, along with numerous extended power outages. In fact, damages to a Member's distribution system in one county was approximately \$1,600 per capita.

Texas did not seek a federal major disaster declaration—which would have made FEMA disaster relief available—because the total cost of damages did not reach the Texas statewide threshold.

Historically, FEMA's practice has been to award disaster relief almost exclusively based on the statewide threshold. In other words, relief is granted when the total cost of the disaster exceeds FEMA's population-based threshold established for each state. As one of the most populous states, Texas' threshold was \$38.5 million for 2020.

Golden Spread is working with its national association and has reached out to its Congressional delegation to get help in the future for our Members during disastrous events like Winter Storm Billy by requiring FEMA to give greater consideration to localized impacts.

WINTER STORM URI

In February 2021, Winter Storm Uri wreaked havoc in the Electric Reliability Council of Texas (ERCOT) and the Southwest Power Pool (SPP), the two energy markets that Golden Spread participates in on behalf of its Member Cooperatives.

Winter Storm Uri ushered in extremely low temperatures and winter precipitation across the Midwest and deep into Texas. This weather pattern caused demand for electricity to skyrocket and at the same time disrupted natural gas supply to gas-fired generation through both interruption of electric service to and freezing of natural gas production and delivery facilities. At the same time, many generation resources experienced outages due to frozen equipment.

Golden Spread staff worked tirelessly to provide power to the markets and continually coordinated reliability efforts throughout the storm with both ERCOT and SPP. As the storm began to set in, our suppliers were unable to fulfill their natural gas delivery contracts. Golden Spread had firm natural gas transportation arrangements in place, however, the pipeline system invoked force majeure on the morning of February 15, leaving Golden Spread without natural gas. This pipeline action and a general lack of supply of natural gas led to Golden Spread not being able to operate its generation resources to full capacity during the event. With minor exceptions unrelated to weather issues, Golden Spread's generating units were capable of operating at all times during the event and did not experience outages caused by freezing temperatures. The limit on Golden Spread's operations was the lack of natural gas to fuel its resources. Golden Spread generators were able to hedge Members' exposure to high power prices sporadically throughout the event any time that the plants were able to source natural gas.

Golden Spread purchased as much natural gas from the market as possible, despite the exorbitant prices being charged. In fact, our February 2021 natural gas expense of \$188 million was roughly



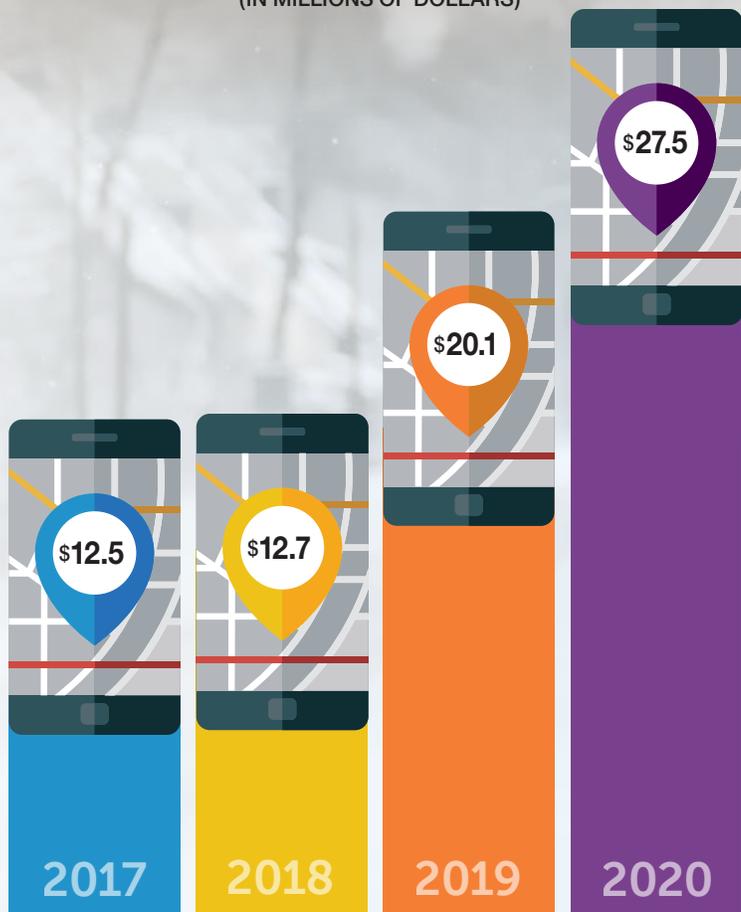
Concho Valley Electric Cooperative crews restore electric service during a winter storm.

equal to our natural gas expense for the entire three years from 2018 to 2020. This high fuel expense caused Golden Spread to draw down liquidity reserves. Golden Spread secured additional lines of credit to maintain adequate liquidity after the event. On the power side, Golden Spread purchased power for \$57 million in February 2021, which was approximately 60% of the cost of all power purchased in 2020.

Golden Spread has made a commitment to explore all reasonable options to help strengthen the industry's position should a storm like this ever happen again. We are reviewing our own planning and operations and are actively engaged in regulatory and legislative forums looking for solutions to avoid a recurrence of the catastrophic consequences of Winter Storm Uri.



PATRONAGE AND CONTRIBUTED CAPITAL DISTRIBUTIONS
(IN MILLIONS OF DOLLARS)



Golden Spread's Board of Directors increased the payment of patronage capital in each of the previous four years. Payment was suspended in 2021 in order to help lessen the adverse impact of Winter Storm Uri on Golden Spread.

the journey's on pace

STRATEGY EXECUTION PLANS AND PROCESSES TAKE SHAPE IN 2020

Golden Spread's strategic plan is refreshed every three years. During each cycle, Board Members and staff continuously review the plan and performance as a means to determine progress and possibly change course of action if necessary or prudent.

The 2019-2022 strategic plan provides a flexible roadmap to effectively address our industry's challenges, risks and opportunities. Most importantly, the strategic plan provides guidance for making informed decisions to ensure our Members' needs continue to be well served.

Six focus areas were approved by the Board of Directors for Golden Spread's strategic plan at the end of 2019. The areas of focus are:

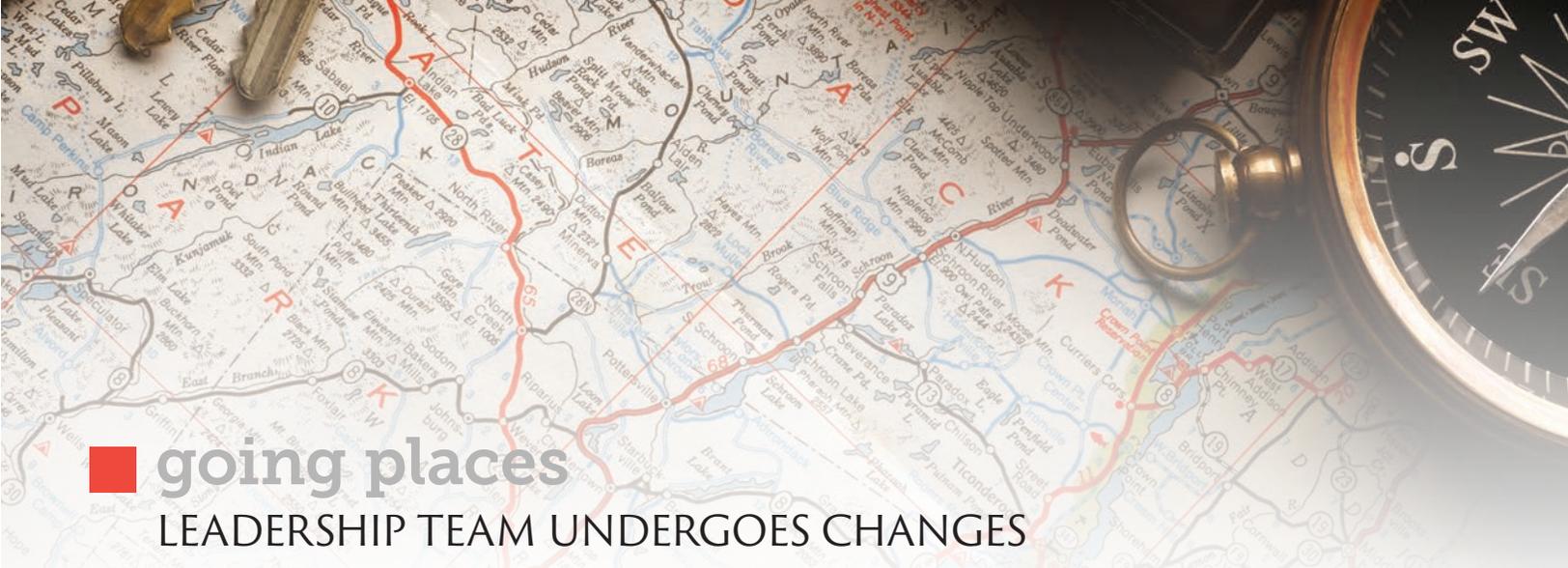
- Support of **load growth** opportunities
- **Transmission services**
- Continuous assessment of our **generation portfolio**
- Adaptive and flexible **rate design**
- **Value-added services** (for example, IT and HR)
- Monitoring the evolution of **distributed energy resources** (DER) to address possible opportunities and mitigate risks

With the focus areas set and approved, the strategy work for 2020 was devoted to developing execution plans to charter the focus areas' purpose and objectives and assemble subject matter expert teams to lead the initiatives. The execution plans detail not only milestones to be accomplished but also metrics that monitor the progress and performance of each strategic focus area.

Some of these metrics include Electric Reliability Council of Texas and Southwest Power Pool load and resources tables, Member rate forecast, Golden Spread rate forecast, transmission rates and forecast, DER penetration in our Members' territories, technology and regulatory landscape developments and many others.

All strategic planning undertaken by Golden Spread is designed to support its business imperatives. The foundational and guiding concepts are comprised of pursuing innovative **business growth**, maintaining **competitive advantage**, promoting a **competitive and flexible power supply and resource portfolio** and proactively **preparing for the future**.

<p>Grow the Business</p> 	<p>LOAD GROWTH</p> <p>Purpose: Strategically determine, pursue and capture load opportunities and support Member load growth (as requested)</p>
<p>Maintain Competitive Advantage</p> 	<p>RATES DESIGN</p> <p>Purpose: Develop a rate design strategy and process to support and enhance Golden Spread's wholesale value to all Members</p> <p>TRANSMISSION SERVICES</p> <p>Purpose: Provide services that improve transmission responsiveness and reliability for ERCOT Members and manage long-term transmission costs</p>
<p>Position Our Portfolio</p> 	<p>GENERATION PORTFOLIO</p> <p>Purpose: Continually evaluate Golden Spread's generation strategy to promote a flexible and balanced power supply and resource portfolio</p>
<p>Shape Our Future</p> 	<p>DISTRIBUTED ENERGY RESOURCES</p> <p>Purpose: Monitor distributed energy resources (DER) information to address opportunities and mitigate risks (penetration level, technologies, pricing, regulatory/legislative changes)</p> <p>VALUE-ADDED SERVICES</p> <p>Purpose: Provide value-added non-G&T services (e.g. IT, HR, communications, etc.)</p>



going places LEADERSHIP TEAM UNDERGOES CHANGES

With the departure of former CEO Mark Schwartz, Golden Spread's leadership team evolved as Kari Hollandsworth was elevated to President and CEO, and Matt Moore assumed the position of Vice President of Commercial and Asset Operations, the role formerly held by Hollandsworth.

Hollandsworth joined Golden Spread in 2009 as an Energy Analyst. In her tenure at Golden Spread, she gained broad experience serving in multiple roles, including Resource Planning Administrator, Electric Trading Manager and Director of Finance, Forecasting and Risk. Her role prior to being named President and CEO was Vice President of Commercial and Asset Operations, where she was responsible for market operations and power supply activities.

Hollandsworth was Golden Spread's 14th employee and has been with the organization through a period of rapid growth. She was involved with the expansion of the generation fleet and the development of the organization's current strategic initiatives.

Before joining the Golden Spread team, Hollandsworth worked at Xcel Energy for 11 years. She holds a bachelor's degree in economics and business management from Cornell University in Ithaca, New York.



Moore also joined Golden Spread in 2009, starting as the Manager of Market Operations. Most recently, he has served as the Director of Market Operations. His experience at Golden Spread includes many areas such as optimization functions and market design policy in the Electric Reliability Council of Texas and the Southwest Power Pool. In addition, he worked across the organization in the development of risk management policies, compliance guides, member service initiatives and corporate strategy.



Prior to joining Golden Spread, Moore was employed by Texas New Mexico Power Company, an investor-owned utility, and Texas Independent Energy, a merchant generation company. He received a BBA in Finance from Texas A&M University in College Station.

RITA BLANCA
Throughout the northern Texas Panhandle, agriculture has expanded in recent years with additional dairies, feedyards and farming activities. Rita Blanca Electric Cooperative has supported this economic growth and adapted to the increased load in its territory.



■ the regulatory landscape

GOLDEN SPREAD ADVOCATES FOR MEMBERS IN MANY VENUES

Golden Spread actively participates in the governance and stakeholder processes before the Electric Reliability Council of Texas (ERCOT) and the Southwest Power Pool (SPP) and maintains an active regulatory practice before the Public Utility Commission of Texas and Federal Energy Regulatory Commission (FERC).

In 2020, many of Golden Spread's long-standing advocacy efforts brought value to our Members in the form of important policy changes and new direction. For example, Golden Spread has been instrumental in getting SPP's commitment to an initiative that when implemented will allow SPP entities such as Golden Spread to more easily sell or buy capacity from others. This increased market efficiency should move capacity prices closer to their true value. In addition, Golden Spread advocacy over the past decade bore fruit in FERC-approved changes to enhance price formation in the SPP, including modification of pricing for fast-start and ramping resources. These changes will improve compensation to Golden Spread for generators' capabilities previously used by the market without regard to the value provided.

In ERCOT, Golden Spread was successful in enhancing how switchable generation will be compensated if asked to switch from SPP to ERCOT. This improvement recognizes previously unaccounted for costs incurred to switch and is an important step in holding our Members harmless for meeting reliability needs of ERCOT. Finally, Golden Spread actively participated in ERCOT's interconnection requirements for distribution-connected generation and demand response to ensure our Members are not at a disadvantage in relation to third-party generators.

As the energy industry continues to evolve, Golden Spread is participating in many new market design and policy enhancements in both markets. These efforts include participation in formation of the rules around energy storage, real-time ancillary service co-optimization in ERCOT and distributed energy resource aggregation, along with modifications to the transmission planning processes and cost allocation in SPP. By influencing the process and outcomes, we can help to ensure sound market principles that improve market efficiency and benefit Golden Spread and its Members in both the short term and long term.



SOUTH PLAINS

South Plains Electric Cooperative (SPEC) found that being prepared with a pandemic plan and an efficient IT Department were the keys to adaptability as it moved about 70 employees to home work spaces. Although its lobbies were closed, SPEC promoted its drive-through bill pay location, online bill pay portal, payment by phone, the SPEC App, Co-op Power PrePay and SPEC CheckOut (for cash-only members). Even in uncertain times, one thing was evident: SPEC's commitment to its members and the local communities it serves.



In addition to handling the considerable volume of transactional, regulatory and organizational policy work generated at Golden Spread, the Golden Spread Legal and Regulatory Department was challenged in 2020 with interpreting the ever-changing regulations related to the pandemic. It also handled regulatory and compliance requirements and notifications for the several changes in high-level leadership

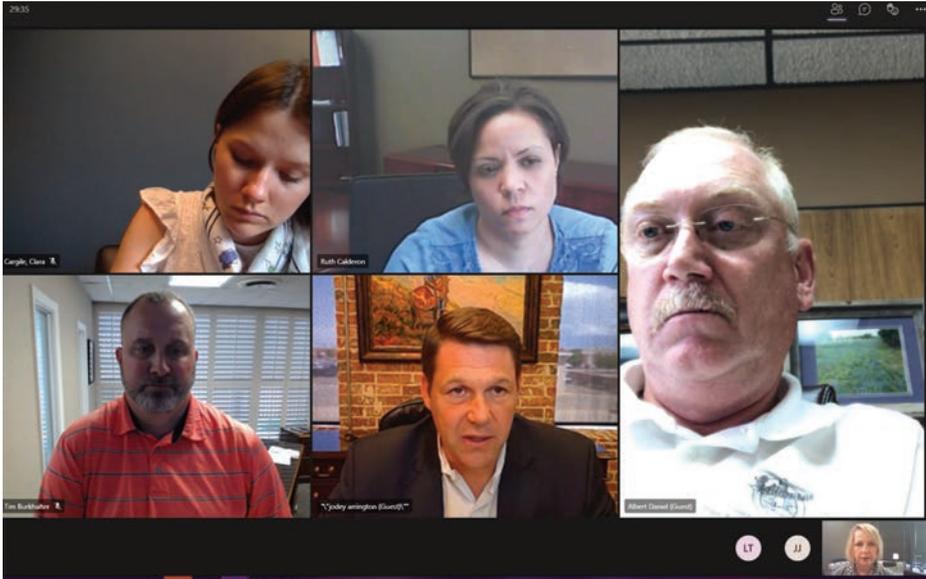
positions that occurred during 2020. An example of important legal work encompassing regulatory, compliance and transactional issues is the legal department’s success in achieving organizational compliance with significant and comprehensive changes made to the North American Electric Reliability Corporation’s Critical Infrastructure Protection requirements that went into effect on October 1, 2020.

BUILDING PARTNERSHIPS

The Golden Spread compliance team used the Operating Principle “Build Partnerships” for its 2020 theme. Internal and external stakeholders, such as ACES, NRG Energy and various Golden Spread employees across the organization, worked together on major initiatives that have critical compliance implications. Projects include:

- Compliance aspects of the transition of additional functions to ACES and the development of our ERCOT Transmission Operations Center
- Compilation and mapping of all market requirements to associated controls and responsible people
- An actionable compliance risk assessment on all regulations, rules, standards and requirements applicable to Golden Spread

These efforts focus on the most critical areas for compliance work and greatly enhance our efficiency and effectiveness.



Golden Spread Board Members and staff – shown here in an online meeting with U.S. Representative Jody Arrington – work together to advocate for Members in several regulatory venues.



MUSTANG STATION ROTOR SWAP

Golden Spread's Mustang Station, near Denver City, Texas, consists of a 2X1 combined-cycle unit and three additional simple-cycle gas turbines. One unique attribute of the Mustang combined cycle is the two-stack design with a damper door. This allows the gas turbines to operate in several configurations including simple cycle, 1X1 and 2X1.



Mustang Station had a planned outage during fall 2020 that included a complete gas turbine change-out on Unit 1, shown here. More than 100 contract workers were on site to complete the outage work. COVID-19 precautions and mitigating measures were put in place to ensure the safety of all plant personnel.



The case and rotor together weigh approximately 377,000 pounds. A heavy-haul trailer with 12 axles, 4 duals and 96 tires, shown here, was required to transport the unit from Abernathy, Texas, to Denver City, Texas. The new unit is a GE 7FA.03 gas turbine with DLN 2.6e combustion system. The unit is expected to provide years of reliable service for our Members.

■ the covid quest SHAPING BUSINESS CONTINUITY FOR REMOTE WORK

As the global pandemic required many businesses to shift to remote work where possible, Golden Spread was largely prepared through its business continuity plan that outlined how we would continue to operate.

Golden Spread employees were already equipped with laptop computers and remote access technology to be able to connect to company systems securely. We had been using an advanced collaboration system, which made it easy to host remote meetings and continue day-to-day activities. Staff communications continued through the existing messaging platform.

Golden Spread identified critical assets and functions needed to continue business operations in case the pandemic affected large numbers of employees. Contingency plans for critical functions were developed to provide the most efficient solution. Fortunately, none of the contingency plans were needed, and Golden Spread transitioned to a remote workforce rather seamlessly.

As local conditions improved, Golden Spread implemented a phased-in return of employees to the office, where strict safety measures have been followed.



■ an expanding view

THE INTERESTS OF OUR MEMBERS DRIVE GOLDEN SPREAD'S SERVICE OFFERINGS

Member-focused, value-added services is one of Golden Spread's strategic areas of focus. This objective aims to provide services that are driven by Members' interests and increase overall value to our Members. Golden Spread offers services in the areas of information technology, human resources (HR), communications and other miscellaneous services.

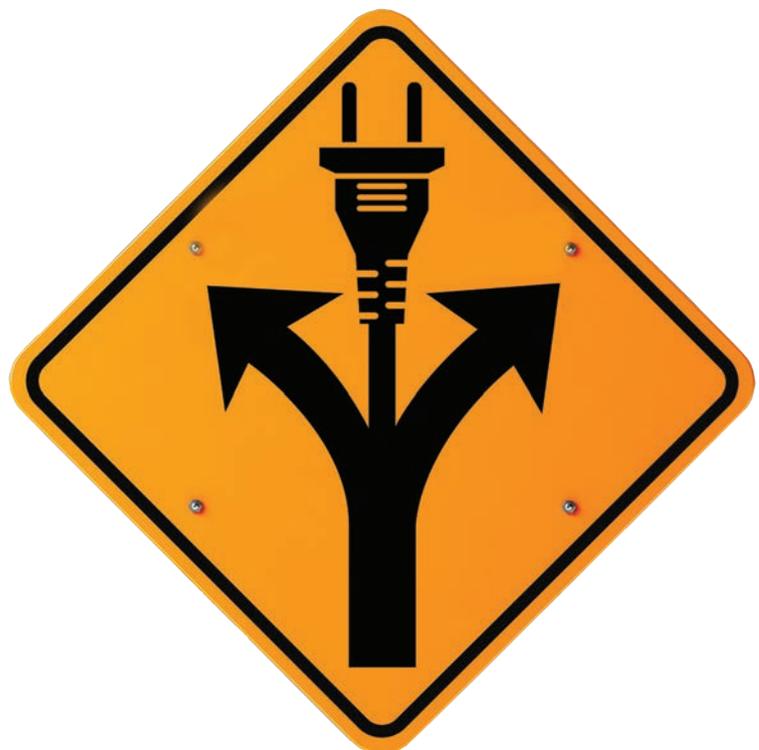
Notable advancements were made in 2020 toward achieving this objective by adding HR and communication services to the Member Services Catalog, allowing Member cooperatives the opportunity to participate in these offerings to serve both their employees and Member-Consumers.

The HR Catalog was approved by the Golden Spread Board of Directors in February 2020 and encompasses a variety of HR-related tasks, ranging from recruiting, candidate assessment and background checks to succession planning, culture planning and HR coaching and mentoring. The HR catalog has been well received.

The Board of Directors approved the Communication Services Catalog in September 2020. This catalog includes sections for graphic design, social media content creation and analysis, web design, written communications, photography and videography. The goal of this

service is to produce content and communication pieces for Members to more actively engage and inform Member-Consumers.

The addition of HR and communication services aids in effectively addressing the issues and demands of a changing environment.



pedal to the metal

INFORMATION TECHNOLOGY DEPARTMENT REFRESHES STRATEGIC PLAN IN 2020

All members of Golden Spread's information technology (IT) department collaborated to refresh its three-year strategic plan in 2020. The plan provides a guide to focus IT efforts and resources.

This process incorporated analyses that support Golden Spread's overall strategic plan established by the Board of Directors, along with consideration of several guiding principles. These principles are vital to ensuring the IT department is positioned to support the current needs of Golden Spread while still enabling us to plan for the future. The principles are:

- Deliver Business Value Aligned with GSEC Strategic Plan
- Adopt Proven Technology as "Fast Followers"
- Deploy Solutions Aligned with Digital Trends
- Look First to Cloud Solutions
- Dedicated to our Core Vendor Platforms
- Keep Platforms Current while Balancing Risk and Cost
- Drive for "One Security Posture" at Golden Spread
- Leverage Process Automation to Drive Productivity
- Be Active Technology Partners and Coaches within Golden Spread
- Measure Success

With these principles in mind, some of the areas of focus for the next three years include aspects of delivering on our transformation capabilities by supporting Golden Spread's transfer of generation owner/generation operator functions to ACES, installing and configuring the technology used in the new transmission operations center and assisting in the implementation of the information management governance structure and its supporting technology.

This process also ensured that we continue efforts to strengthen our cybersecurity, drive enterprise productivity and manage Golden Spread's operational risk by continuing to monitor and replace IT systems to ensure we remain in a supported configuration.

This plan encompasses all the aspects of technology at Golden Spread, allowing us to continually evaluate the latest technology trends that impact not only Golden Spread, but the entire electric power industry landscape. The continual refresh of our strategic plan also allows us to evaluate the current risks mitigated by the strategy and identify new risks and associated impact and likelihood of occurrence. And finally, the plan enables us to address obstacles by identifying people, processes and technology gaps that would prevent us from achieving the strategy.

■ checking the tires

INNOVATIVE CYBERSECURITY PROGRAMS HELP MEMBERS ADDRESS THREATS

Golden Spread and several Members participated in two National Rural Electric Cooperative Association (NRECA) rural cooperative cybersecurity capabilities (RC3) programs to help our Members stay safe and strengthen their cybersecurity programs. Each program allowed Member cooperatives to evaluate their existing cybersecurity policies and identify areas of improvement.

The cybersecurity assessment helps to identify risks and policy and procedure gaps. The sections of the assessment are Identify, Protect, Detect, Respond and Recover. Each section covers best practices, policies and procedures to identify current capabilities.

The RC3 program has developed a new online platform for managing tabletop exercises for scenario planning. Hosting the exercise online

provides participants with a real-world feel of how an incident may unfold as participants work from their desk or home rather than meeting in one room.

The platform collects participant responses to realistic problems and communications between participants of the team, then provides data that cooperatives can use to improve their incident response plans. The RC3 Program anticipates making this platform available to cooperatives again next year.

Each program delivers a different approach in evaluating current cybersecurity programs. Both increase the awareness of cybersecurity capabilities maturity and emphasize improvements to be more proactive in addressing industry threats.



BAILEY COUNTY

As the risk of exposure to COVID-19 continued in 2020, it became apparent that a traditional annual meeting would not be possible for Bailey County Electric Cooperative. The challenge of hosting a safe meeting while carrying out their legal obligations to their membership was matched by the adaptability and creative thinking of Bailey County's staff.

They decided to offer a drive-through meeting where members could be present to vote, receive the Cooperative's annual update and financial report and even be provided a meal. The new format was a huge success with 11.2% of their membership participating. The event enticed members who normally do not attend the annual meeting, as well as those who are faithfully involved each year. Both members and employees enjoyed the bonus of safely seeing their friends and neighbors during the extended shutdown.



■ the view ahead

ENVIRONMENTAL, SOCIAL AND GOVERNANCE: A BIG PART OF GOLDEN SPREAD'S CHARACTER

As Environmental, Social and Governance (ESG) grows in prominence as a topic of business sustainability, Golden Spread created an internal task force to review its principles and actions with a focus on ESG.

ESG refers to the three central factors in measuring the sustainability and societal impact of a business. For organizations in the electric utility industry, the environmental factor involves climate impact, greenhouse gas emissions, energy efficiency, air and water pollution, water scarcity, biodiversity and site restoration. The social factor refers to human rights, local community impact, employment, working conditions, health and safety and anti-corruption. The governance factor is the alignment of interests, executive compensation, board independence and composition and owners' rights.

Golden Spread's employees participate in coordinated civic activities through the employee-run Community Involvement Committee (CIC), which was established in 2013. The CIC receives contributions from Golden Spread and employee-raised funds.

Golden Spread supports ESG through payment of patronage capital, the Directors' Memorial Scholarship for youth from Members' territories and Golden Spread's commitment to safety excellence, among other efforts.

Golden Spread's mission statement supports ESG: To 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.

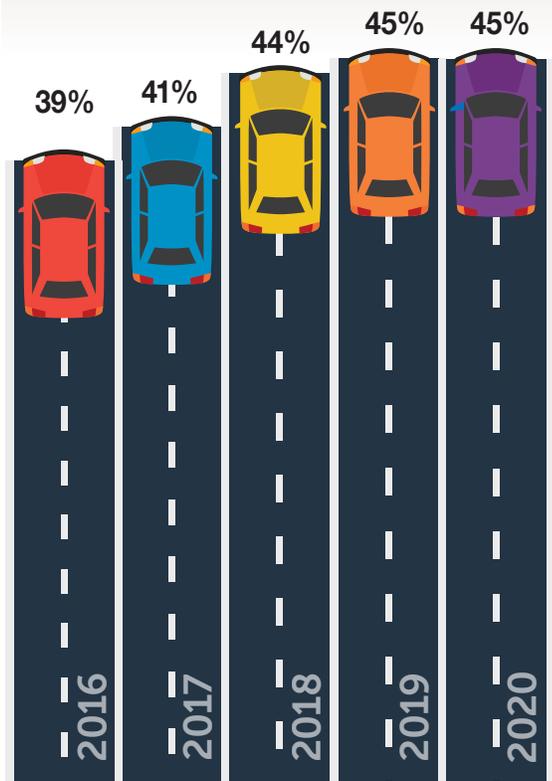
Examples of alignment between ESG and the mission statement include:

- Environmental: "secure energy future for generations to come"
- Social: "cost effective and reliable power; creating opportunities; cultivating cooperation"
- Governance: "navigating industry risk; cultivating cooperation"

The essence of electric cooperatives and their core interest in cooperation align them with the central factors of ESG. Each of the Seven Cooperative Principles contributes to a strong ESG culture at Golden Spread.

EQUITY/CAPITALIZATION

Golden Spread's equity/capitalization ratio has improved since the completion of its capital expansion program, which ended in 2016.



roadmap for the future

THE TOPIC OF DISTRIBUTED ENERGY RESOURCES GETS ITS OWN STRATEGIC WORKING GROUP

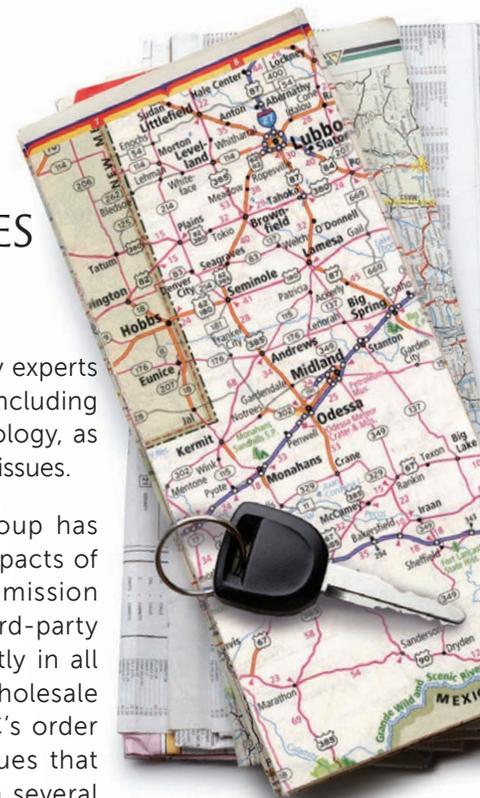
In 2020, Golden Spread established the Distributed Energy Resource Strategic Working Group (DER Working Group) to continually monitor, evaluate and advise Golden Spread's Executive Team on our distributed energy resources (DER) strategic planning.

Through active monitoring and continued development of internal expertise, the DER Working Group assists the Executive Team and Golden Spread Board in making timely strategic decisions to leverage opportunities and mitigate threats related to DER.

The DER Working Group is comprised of an interdepartmental team of Golden Spread subject matter experts. The group meets every other

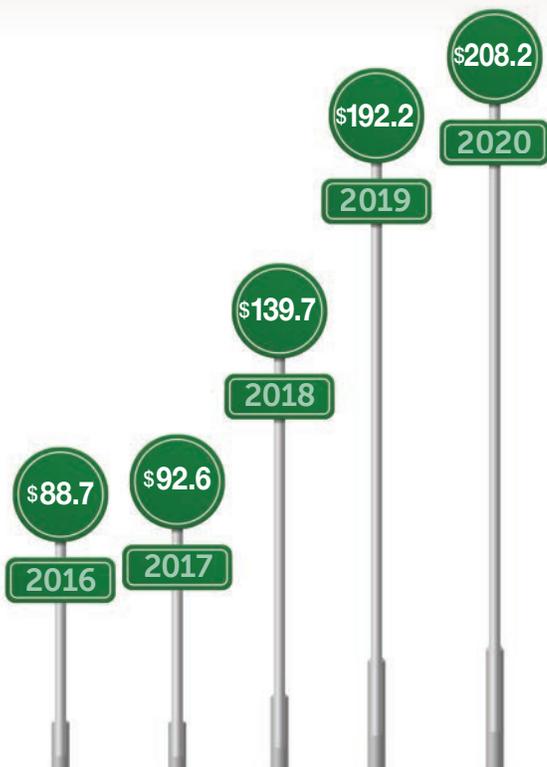
month to receive updates from industry experts and discuss a variety of DER issues, including adoption, business models and technology, as well as legislative, regulatory and market issues.

Most recently, the DER Working Group has undertaken a project to assess the impacts of the Federal Energy Regulatory Commission (FERC) Order 2222, which enables third-party DER aggregators to participate directly in all FERC-regulated regional organized wholesale electric markets. The impact of FERC's order is significant and raises complex issues that require leveraging the expertise from several departments across the organization and coordinating closely with our Members.



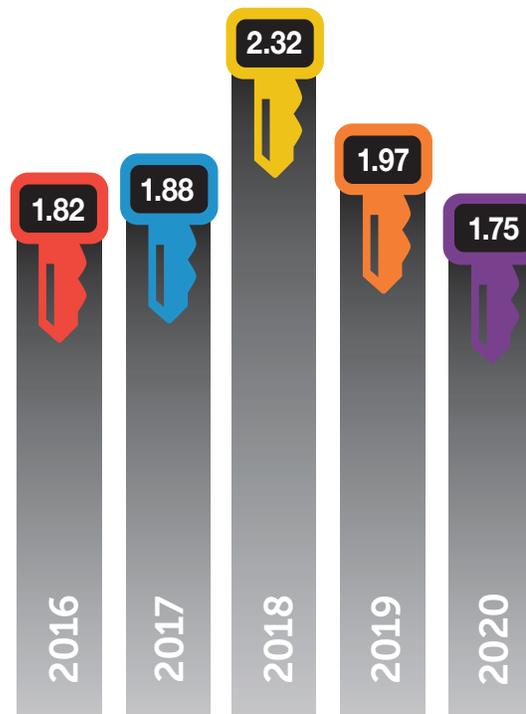
CASH LIQUIDITY (IN MILLIONS OF DOLLARS)

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 cash operating expenses at all times.



DEBT SERVICE COVERAGE (DSC) RATIO

Golden Spread had planned for its capital expansion by accumulating equity and producing margins. As a result, DSC ratios remained strong despite the increased debt associated with Golden Spread's capital expansion program. As we completed the generation expansion plan, the Board approved a reduction in the margin. The 2018 DSC was positively impacted by increased nonmember sales margins.



traveling new roads

MARKET EVOLUTION, EXPANDING CONSUMER CHOICES LEAD TO A FOCUS ON RATES

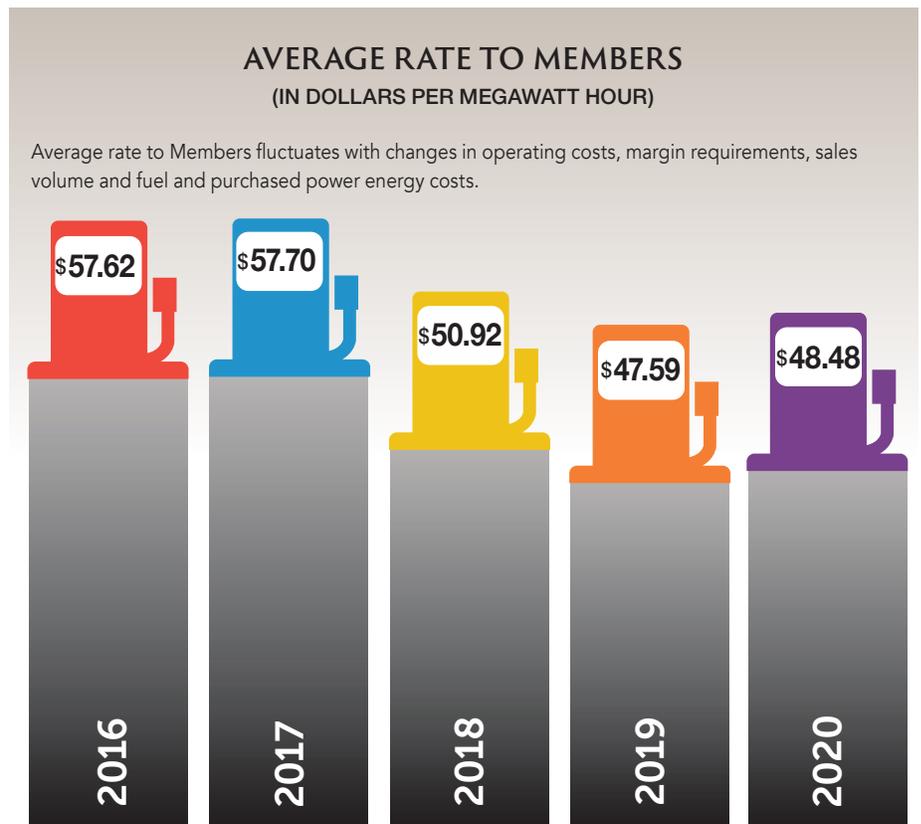
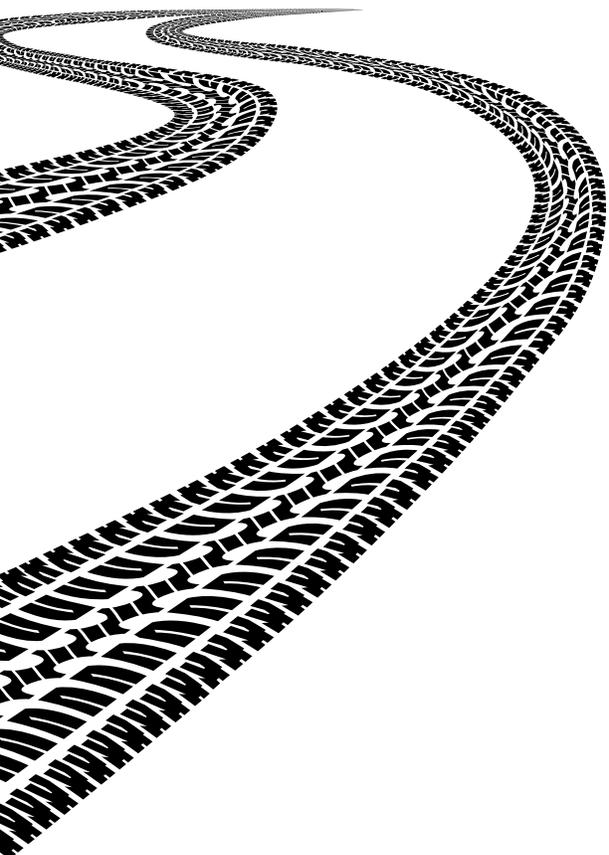
Developments in the industry and changes in electric markets spur Golden Spread to evaluate its rates to ensure they remain reasonable and promote fair and efficient outcomes. This effort is one of the focus areas from the Board's October 2019 strategic planning session.

As technology solutions continue to grow and consumers demand more choices, our rates should adapt. A major consideration is the significant investment that our Members have made in the electric system, both wires and generating facilities. Those investments are expected to be needed and useful for many years. The key to rate structures is to find a balance between paying for these investments while accommodating ever-expanding choices on the horizon.

Some of the consumer choices in the electric industry involve distributed energy resources

(DERs) that continue to provide options not only due to improved economics but also due to their environmental attributes and potential applications. DERs include physical and virtual assets that are deployed across the distribution grid, typically close to the load, and usually behind the meter, which may be used individually or in aggregations to provide value to the grid, to the individual customer or both. Specific industry interest in DERs involves technologies such as solar, storage, energy efficiency and demand management.

Golden Spread offers rate education sessions and tools to assist Members in their ability to offer more rate options to their Member-Consumers. This information includes a comprehensive review of Golden Spread rates and an exploration of new and existing technologies. Educational materials are available to the Members of Golden Spread and their employees, as well as the employees of Golden Spread.



blazing trails

NEW PRODUCTS LAUNCHED THROUGH COOPERATION AMONG COOPERATIVES

Building on one of the Seven Cooperative Principles – "Cooperation Among Cooperatives" – the Products Committee is charged with determining and implementing products and services that provide value to Golden Spread Members. These products and services can provide value through the economies of scale achieved when partnering to accomplish shared objectives. Some of the 2020 products and services include an electric vehicle (EV) webpage, solar calculator and communication services.

EVs are slowly starting to penetrate Golden Spread's Member territories. A few Golden Spread Members have purchased or leased EVs and have installed charging stations. Golden Spread has developed an EV webpage that each cooperative may link to their website. The EV webpage includes a quick reference guide, cost evaluation and charging station locations.

Golden Spread also has a solar calculator in development, which serves as an evaluation tool designed to support Members and their Member-Consumers in decisions regarding various solar solutions.

The calculator takes billing and energy consumption data provided by the user and provides output such as how much time and energy the user would save either on a monthly or annual basis. It also shows the user how long it would take those savings to offset the cost of the system (payback period), depending on the metering structure available to that user.

The calculator can also be used to help evaluate commercial and industrial options, where rate structures and energy use profiles often differ significantly from residential uses. Member-Consumers are advised to talk to their distribution cooperative prior to installing solar technology for best outcomes.

The Products Committee solicited feedback from Golden Spread Members regarding their needs for communication services. Based on the response, it was clear that Golden Spread should provide communication services, an offering that aligns with the value-added services strategy. A variety of communication, marketing and design services are in development or are currently being offered to Members.



North Plains Electric Cooperative entered into an innovative partnership with the Museum of the Plains to offer Electric Vehicle charging.

pathways to success

GOLDEN SPREAD SUPPORTS ITS MEMBERS IN PURSUING LOAD GROWTH STRATEGY

The load growth strategy team is a diverse group that includes Golden Spread employees from the member services, power delivery, market operations and regulatory departments. Board oversight is provided by the Wholesale Power Contract and Rate Committee.

The team's purpose is to support Golden Spread Members as they strategically grow load by determining, pursuing and capturing load opportunities.

Objectives of our load growth strategy include determining the right mix of new load and resource portfolio that provide value to our Members through competitive rates. To capture load growth opportunities, areas of focus include investigating key wholesale loads, switching non-electric load or unserved retail load and other retail load growth opportunities at the Member level. The strategy is designed to minimize the

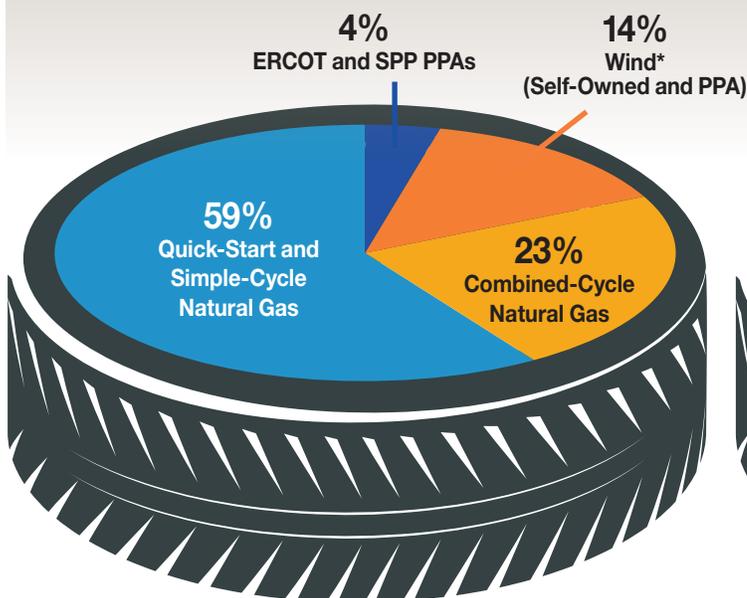
additional fixed costs incurred to acquire any load growth, mitigating the potential for stranded costs by replacing potential load loss with the new loads.

In summer 2020, the Southwestern Public Service Company power supply contract for Golden Spread Member TCEC expired, and Golden Spread became its full power supplier. This new wholesale load has been served with existing Golden Spread generation resources, further increasing the value of this load growth opportunity. The fixed cost savings to Golden Spread Members was approximately \$200,000 in 2020, with more savings expected in 2021.

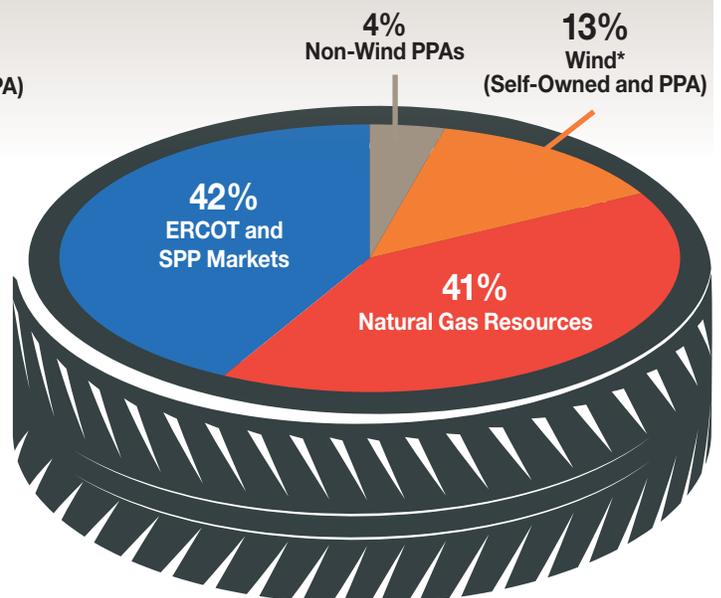
The load growth strategy addresses potential load loss and new load growth while considering our investment in generation resources, with the goal of providing value to Golden Spread Members by maintaining competitive rates.

CURRENT RESOURCE OPERATION

2020 POWER SUPPLY RESOURCES



ENERGY SOURCES USED TO MEET 2020 MEMBER REQUIREMENTS



PPAs are power purchase agreements.

* Golden Spread transfers all of the environmental attributes associated with wind to its Members.

■ headed toward the summit

RISK MANAGEMENT FUNCTION MAKES MAJOR ADVANCES

Golden Spread has established energy risk management policies which, among other things, lay out its risk governance structure, objectives and tolerance. Golden Spread's independent risk management team functions to promote the appropriate risk management culture and ensure adherence to these policies through the establishment of processes, procedures, monitoring and regular audits.

An important part of the independent risk management function is the development of a middle office team, which has worked diligently to gain a thorough understanding of Golden Spread's market operations, the risks those operations present to Golden Spread and the processes in place to manage those risks.

The Golden Spread middle office team, along with ACES, has implemented tools to ensure compliance with market rules and the Board of Directors' established energy risk tolerance. The independent risk management team established a credit dashboard and internal credit alerts to

monitor Golden Spread's credit exposure and enhance compliance with its credit policy. The team also performed internal audit activities related to load hedging.

In 2020, the independent risk management team continued to build on its past progress by improving its credit monitoring through the development of daily reports of Golden Spread's credit positions in the Electric Reliability Council of Texas and the Southwest Power Pool. In collaboration with the Enterprise Compliance group, the team continued to focus on its middle office functions related to market operations. The middle office team delivered training on its energy risk management policies and related compliance policies to internal staff. In addition, a detailed review of all trading activity for compliance with Golden Spread's energy risk management policies was performed and will be completed in 2021. The team will leverage this review to refine and improve its continued regular reviews and reporting to Golden Spread's Internal Risk Management and Compliance Committee.





DEAF SMITH

During the COVID-19 pandemic, officials at Deaf Smith Electric Cooperative knew they needed a way to keep their employees safe and still provide service to their cash members. They quickly adapted the drive-up facility of a former credit union for this purpose, which gave them time to remodel their front office and install their own drive-up system at their headquarters.

■ making headway

REFINING OUR RECORDS AND INFORMATION MANAGEMENT

Golden Spread has made significant investments to mature our risk and compliance functions and culture. This effort continues with two noteworthy projects: Contract Lifecycle Management (CLM) and Records and Information Management (RIM). Both efforts aim to mitigate information risks and control methodologies that cover all stages of the information governance and contract life cycles – from information creation to secure disposal and from contract inception to termination.

These projects will ensure that Golden Spread's information and contract life cycles are managed within the scope of our policies and processes, as well as industry-standard and proven practices, while enhancing our ability to ensure that regulatory, operational, compliance and legal requirements are fulfilled.

While records management deals with the retention and disposition of records, information

governance goes beyond records to include privacy, access controls and other compliance requirements. In 2020, the project team extended the original scope beyond traditional record management to include a more comprehensive information governance program by delivering a new information governance policy and record retention schedule.

Along with this effort, Golden Spread has established an Information Governance Committee that will collaborate to support its implementation by establishing, maintaining and improving procedures that serve to accomplish Golden Spread's overarching information governance goals. The enterprise-wide program will provide employees with a formal process to improve efficiency and productivity, and we expect to begin implementation in the third quarter of 2021.

■ it's better when we travel together

COMMUNITY INVOLVEMENT COMMITTEE UPHOLDS COOPERATIVE PRINCIPLES

The Community Involvement Committee (CIC) is an elective committee piloted by Golden Spread's employees for the purpose of emulating the Cooperative Principle "Concern for Community" and the Golden Spread Operating Principle "Care and Give" in a real and tangible way.

Throughout the course of 2020, Golden Spread's Board of Directors and employees understood the importance and reality of these principles more than ever as we saw the impact of the COVID pandemic on all of our communities.

Because of the continued generous allocations approved by the Board of Directors, as well as the generosity of Golden Spread employees, the CIC was able to continue to support some wonderful organizations through monetary support and volunteering. Organizations supported by the CIC included The Salvation Army of Lubbock and Amarillo, Ronald McDonald House of Amarillo, Special Olympics Texas, Inc., Killin' It for Kreid, 7 Star Therapeutic Riding Center, Women in Science Endeavors (WISE), the Panhandle Adult Rebuilding Center (PARC) and the Roan/Creek Marine Corps League.

The CIC did not let the restrictions of a pandemic and remote work keep them from finding creative ways to use their time to meet the needs of those in our community. With the overwhelming need of

groceries in all of Golden Spread's Members' service territories, the CIC increased their monetary support of the South Plains Food Bank, the High Plains Food Bank and the Abilene Food Bank using funds provided by the Board of Directors and employees' personal donations.

The CIC also recognized the need to support local volunteer fire departments (VFD) throughout our 16 Members' territories. Each year, a VFD is selected in each territory to receive donations accumulated through a company-wide fundraiser. Through this fundraiser, employees can purchase "jean stickers" to wear in support of these VFDs, and in turn, are given the opportunity to wear jeans to work. This is just one of several fundraisers Golden Spread employees take part in to support organizations that directly impact Members' territories.

The CIC currently has 19 committee members that coordinate each activity, and many members have served since the CIC was organized. The 2020 CIC officers were Chris Koenig, chair; Brooke Baker, vice chair; Mary Heisler, treasurer; Anthony Perez, Board of Directors and employee liaison; and Sara Orr, secretary.

The CIC is grateful to the Board of Directors for providing the resources and support that allow Golden Spread employees to serve the community.





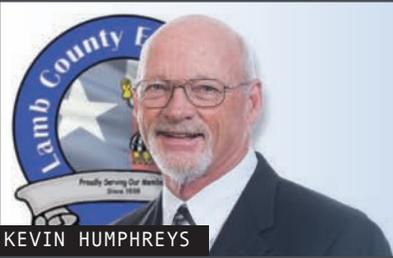
BENNY NIXON



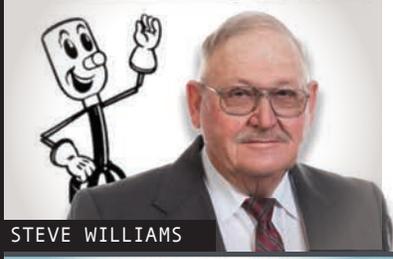
SYNDA SMITH



VICK CHRISTIAN



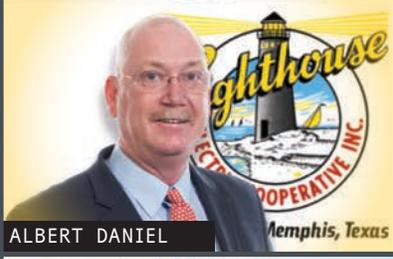
KEVIN HUMPHREYS



STEVE WILLIAMS



BRENT WHEELER



ALBERT DANIEL



ZAC PERKINS



JEFF COPELAND



STAN McCLENDON



CECIL DAVIS



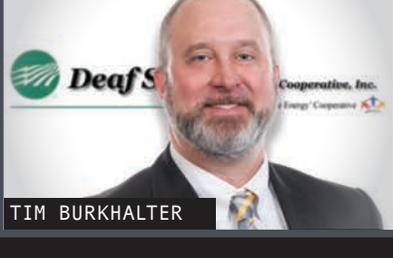
DAVID MARRICLE



RANDY MAHANNAH



BEN FRANKLIN



TIM BURKHALTER



MARK McCLAIN





END
MEETING

GOLDEN SPREAD BOARD OF DIRECTORS



retirement SCOTT GROSS

Scott Gross postponed his planned retirement in early 2020 to assume the position of Interim President and Chief Executive Officer when former CEO Mark Schwirtz stepped down for health reasons. Gross fulfilled his retirement goal in September 2020 when the Golden Spread Board of Directors selected Kari Hollandsworth as President and CEO.

Previously, Gross served as Golden Spread's Chief Financial Officer. He joined the organization in March 2013, and at his retirement, had more than 30 years of finance, accounting and management experience.

Before joining Golden Spread, Gross served as the Director of Accounting and Finance for Power Plant Management Services, LLC, where he managed several special purpose entities that own independent power projects. Gross holds a bachelor's degree in accounting from West Texas A&M University and is a Certified Public Accountant licensed in the State of Texas. He has been a member of the American Institute of Certified Public Accountants and the Texas Society of Certified Public Accountants.

board of directors*

STAN McCLENDON – Chairman
GREG HENLEY – Vice Chairman
KELLY LANKFORD – Secretary/Treasurer

BAILEY COUNTY ELECTRIC COOPERATIVE	
• Keith Hicks	• David Marricle
BIG COUNTRY ELECTRIC COOPERATIVE	
• Danny Helms	• Mark McClain
COLEMAN COUNTY ELECTRIC COOPERATIVE	
• Bob Fuchs	• Synda Smith
CONCHO VALLEY ELECTRIC COOPERATIVE	
• Jeff Copeland	• Kelly Lankford
DEAF SMITH ELECTRIC COOPERATIVE	
• Vick Christian	• Tim Burkhalter
GREENBELT ELECTRIC COOPERATIVE	
• James Batton	• Stan McClendon
LAMB COUNTY ELECTRIC COOPERATIVE	
• Kevin Humphreys	• Boyd McCamish
LIGHTHOUSE ELECTRIC COOPERATIVE	
• Mark Appling	• 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	• Brent Wheeler
SOUTH PLAINS ELECTRIC COOPERATIVE	
• Benny Nixon	• Dale Ancell
SOUTHWEST TEXAS ELECTRIC COOPERATIVE	
• Steve Williams	• William "Buff" Whitten
SWISHER ELECTRIC COOPERATIVE	
• Dwain Strange	• Dwain Tipton
TAYLOR ELECTRIC COOPERATIVE	
• Cecil Davis	• Ryan Bartlett
TCEC	
• Shawn Martinez	• Zac Perkins

* As of January 1, 2021

GOLDEN SPREAD OFFICERS

KARI HOLLANDSWORTH – President and Chief Executive Officer
BILL HARRELSON – Assistant Secretary and Chief Legal Officer
MATT LOWE – Assistant Treasurer and Chief Financial Officer

board recognition

IN REMEMBRANCE



ELDRED A. BROWN, a Golden Spread Board Member from 1985 to 1993, passed away December 22, 2019. Mr. Brown was a Deaf Smith County farmer and rancher. He served on the Deaf Smith Electric Cooperative Board from 1966 to 1993.

Mr. Brown also served as a member of the Walcott School Board and was a member of the Bootleg Fire Department in the town of Bootleg, Texas, in Deaf Smith County. He proudly served his fellow Veterans as Honor Guard at Ussery-Roan Texas Veterans Home, where he resided for seven years. Mr. Brown had an abiding love and enthusiasm for farming.

Golden Spread is grateful for Mr. Brown's leadership during the organization's formative years.

IN GRATITUDE

The Board of Directors of Golden Spread brings a wealth of knowledge and experience to the organization's governance. The Board is comprised of 32 individuals from the 16 Member Systems. Their service and vision are a key factor in our success. Our deepest appreciation goes to two notable Board Members who recently completed their service.

ROGER BLACKWELDER

Roger Blackwelder was elected to the Golden Spread Board of Directors on May 12, 2012. He served on several Committees, including the Rate/WPC Committee and the Risk, Asset and Finance Committee during his tenure.



Mr. Blackwelder retired as a Director of Golden Spread in April 2020 after eight years of devoted service. In the same month, he also retired from the

Board of Big Country Electric Cooperative, Inc., in Roby, Texas.

Golden Spread is greatly appreciative for Mr. Blackwelder's diligent and honorable service.

MIKE VEAZEY

Mike Veazey joined the Golden Spread Board of Directors on November 8, 2013. He was a member of several Committees, including the Rate/WPC Committee and the Risk, Asset and Finance Committee.



Mr. Veazey retired as Manager of Deaf Smith Electric Cooperative, Inc., in Hereford, Texas, on February 29, 2020, at the same time he concluded his service on the Golden Spread Board.

His distinguished seven years of service contributed significantly to the success of Golden Spread and is very much appreciated.



remembering

MARK W. SCHWIRTZ, FORMER PRESIDENT AND CEO

The Golden Spread community was saddened by the passing of former President and CEO Mark Schwartz on November 24, 2020. Due to health issues, Schwartz stepped down from his position in March 2020.

His career included 35 years of electric utility experience. He served on the boards of ACES, Electric Reliability Council of Texas (ERCOT) and Oklahoma Association of Electric Cooperatives, Inc. He testified on fuel and other utility issues before Congress and regulatory agencies. He was experienced in power supply planning, environmental permitting and electric utility operations and management. Schwartz received a bachelor's degree in Meteorology from Texas A&M University and was a Commissioned Officer in the United States Naval Reserve.

Following are thoughts and memories shared by those who worked with him.

KARI HOLLANDSWORTH, Current President and CEO:

During Mark's 12-year tenure, Golden Spread evolved from a utility that purchased most of its wholesale power supply to a utility owning and operating most of the assets needed to serve its 16 distribution cooperative Members. This expansion brought new generating capability and increased staffing for infrastructure and internal programs, requiring an investment of more than \$1 billion. Mark's vision and capable leadership successfully steered our organization through that growth period.

It was an honor to work for Mark. He was a tremendous force in my career, helping ensure I was prepared for the role I have today. His dedication, strategic mindset and passion for serving our Members made each of us who worked with him better. He is missed tremendously, and the impact he has made will continue to make Golden Spread successful for years to come.

STAN McCLENDON, Golden Spread Chairman:

I had the opportunity to serve on the Search Committee when Mark was interviewed and ultimately hired as CEO. At the time, Golden Spread had few employees and in many ways was being



operated by outside consultants. Our Board had two major goals for Mark. First, expand the number of employees and bring functions in house. Second, finish our generation portfolio and participate in both power markets – ERCOT and Southwest Power Pool.

Obviously, both were major challenges. When Mark was hired, his big challenge was deciding how many employees to add. This took some time, but Mark's foresight and experience built a strong team that continues to this day.

Mark and his team, with Board support, approved and built Golden Spread's Panhandle Wind Ranch near Wildorado, Texas, and Antelope Elk Energy Center (AEEC), a power station just north of Abernathy, Texas. The addition of a grid switcher at AEEC allows Golden Spread to serve both ERCOT and the SPP, providing both reliability and power sales to those markets. When you consider all of this was accomplished in less than 12 years, it's quite amazing.

Mark was dedicated to Golden Spread's stakeholders. He was always trying to solve a Member problem, to listen and learn and to recognize our diversity and make it our strength. This service attitude was stressed to staff.

In early 2019, Mark established an initiative with the Board and senior staff to prepare for coming changes. He knew that advancement in electric vehicles, battery storage, solar and other technologies could change our Members' needs and give us new opportunities. After reviewing many possibilities, the Board adopted a new strategic plan in October 2019. This fluid and adaptable plan is currently being implemented through the Board's committee process. Mark felt this initiative was important for the organization, and he wanted it in place before his planned retirement in 2022.

We each understand how precious life is, and we're never promised another day or even a minute. Mark wanted to leave this organization with the tools we needed to be successful for our Members, and he did. His leadership will impact Golden Spread for decades to come.

MATT MOORE, VP, Commercial and Asset Operations:

I was hired six months after Mark. Kari Hollandsworth and I actually started on the same day. Mark took us on a ride for the next 11 years!

He loved change and exploring new ideas. He was always looking ahead and thinking about what could be "out there" that might impact Golden Spread and its Members. He led us through changes of every kind, including assets, people, processes, markets and many others. He would say, "In case you didn't notice, I like change."

He appreciated hard work and those who could navigate the currents of change. He also had an ability to stay positive when challenges would pop up during all the changes. He said, "It's not the challenge but how you respond to the challenge that matters." He saw challenges as invaluable experiences and opportunities to make the organization better. He didn't dwell on mistakes because his high energy would not allow it. He was off to the next mission at full speed.

Mark was laser focused on our Members and admired how cooperative and respectful our Board Members were with each other. He truly admired this Board and always reminded our staff that the Golden Rule should be front and center, even during the rapid pace and unexpected challenges. I think that simple reminder, along with the staff he pulled together and the leadership of the Board, will continue to carry us forward.

(CONTINUED)





STEVE WILLIAMS, Golden Spread Board Member representing Southwest Texas Electric Cooperative:

The Directors instructed Mark to research and build the right resources to become energy independent and hire the employees needed to operate it. It is my firm belief that Mark's remarkable leadership and vision has created an organization that exceeds expectations. His ability to find and employ top-level employees and outside technical expertise was phenomenal.

Mark said he was working to build the organization so it could run itself after he retired. We wish he could have stayed longer, but I feel he accomplished his goal. There is a huge hole in my heart from the loss of a dear friend.

ALBERT DANIEL, Golden Spread Board Member representing Lighthouse Electric Cooperative:

When I reflect on my memories of Mark and the times we were able to collaborate and even socialize, I find it impossible to pick one that stands out above the others.

The simple truth is every time I visited with Mark, I was able to take away something useful. There was never a wasted moment with him, whether we were discussing Golden Spread issues or just visiting socially during a round of golf, Mark always had a way of asking me questions that made me really think and examine myself. Mark pushed me to become a better director and manager, but more importantly, a better person.

BILL HARRELSON, Chief Legal Officer, Chief Compliance Officer and General Counsel:

I have worked directly with many executives in regulated industries during my almost 44 years of legal practice. Mark is tops among the very finest. His knowledge of the electric industry and leadership qualities were outstanding. Mark was a terrific communicator, great at inspiring people and building relationships within the industry. But he never let his drive for excellence overwhelm his sincere caring for the people in his organization. Mark made me a better executive and a better person. I sorely miss him as a dear friend and mentor.



Mark Schwartz with his wife, Dawn.

In recognition of his years of service as a Director of ACES, Mark Schwartz was honored with a resolution passed by the ACES Board:

Mark W. Schwartz was greatly admired by the organizations and employees he served so well and will be long remembered for his many great qualities, including intelligence, honesty, kindness, respect, leadership, professionalism and his genuine caring for his fellow human beings.



TEMPE OAKES
TCEC



SCOUT SONNENBERG
South Plains Electric
Cooperative



ZYLEE IPSON
TCEC



TY STRUVE
Lamb County Electric
Cooperative



BRYANNAH PEDROZA
Lyntegar Electric
Cooperative



VICTORIA BETZEN
Deaf Smith Electric
Cooperative



MARIANNA DEYNZER
Taylor Electric Cooperative



RACHEL BRENDEL
South Plains Electric
Cooperative

DIRECTORS' MEMORIAL SCHOLARSHIP

The Directors' Memorial Scholarship was established in 1991 to honor Directors who served on the Golden Spread Board and 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, eligibility is for any Member-Consumer, a spouse or child of a Member-Consumer or a child whose guardian is a Member-Consumer.

Student recipients receive a total of \$2,000, providing \$500 for each of four semesters for a student's first two years. Eight students received scholarships in 2021. More than \$135,000 in scholarship funds have been disbursed to 103 recipients since the first scholarship was awarded in 1995.

Currently, the scholarship fund has a balance of \$187,341.05 and is administered by Opportunity Plan, Inc., located in Canyon, Texas. 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.

Visit the Golden Spread website at www.gsec.coop for additional scholarship criteria and information.





financial information

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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, 2020 and 2019, and for the 12 months ended December 31, 2020 and 2019. At December 31, 2020 and 2019, 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, located in both the Electric Reliability Council of Texas (ERCOT) and the Southwest Power Pool (SPP) regions. Currently, our 16 Members supply power to approximately 310,084 services in place, which represent approximately 248,118 Member-Consumers 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. Six of our Members operate solely in SPP, four operate solely in ERCOT, and six operate in both regions. As not-for-profit rural electric distribution cooperatives owned and managed by their Member-Consumers, Golden Spread's Members are not subject to retail electric rate regulation by regulatory agencies in the states of Texas or Oklahoma, and retail electric rates are not regulated under federal law.

In 2016, Golden Spread completed its transformation from a Generation and Transmission cooperative (G&T) that purchased most of its capacity and energy pursuant to power purchase agreements to a G&T owning the majority of its generating capacity. Over the past several years, Golden Spread built and purchased over 1,200 MW and entered into two long-term wind power purchase agreements. This generation expansion plan replaced expiring power purchase agreements, met the growing load requirements of its Members and added renewables to its generation portfolio. This generation expansion plan required a financial strategy to facilitate raising capital through debt offerings and equity.

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

- Maintain long-term debt as a percentage of total capitalization of 65-70%;
- Maintain equity as a percentage of total capitalization of 30-35%;
- Maintain Debt Service Coverage (DSC) ratio of not less than 1.5 times; and

- Maintain cash working capital equal to 90 days cash operating expenses (including interest) for operating liquidity supplemented with credit lines to provide liquidity needed for other purposes, such as capital expenditures and collateral for credit markets.

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

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

- Weather, particularly precipitation timing and amounts, affecting irrigation loads;
- Fuel prices;
- Geographic location in an area with abundant supply of high-capacity wind energy;
- Prices of energy in the markets;
- Farm, oil and gas commodity prices, the primary industries in our Members' service territories;
- Economic conditions which could be affected by the coronavirus pandemic;
- Interest rates;
- Golden Spread's securities' credit ratings; and
- Regulation 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. 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 Members through Golden Spread's wholesale rates, are regulated by the Federal Energy Regulatory Commission (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 November 19, 2019, and subsequently amended on December 20, 2019, and January 21, 2020, Golden Spread submitted amendments to the rate schedules to address the recovery of possible minimal income tax expenses to provide demand rate stability and to make other ministerial changes to increase transparency in its formula rate. Golden Spread also provided its periodic update to delivery points of certain of its Members. FERC accepted the filing, effective January 1, 2020. On August 28, 2020, Golden Spread submitted a further amendment to its rate schedules to extend its rate stability cost and revenue deferral mechanism amortization period for gains and losses on nonmember energy sales from 24 months to 60 months. FERC accepted the filing, effective November 1, 2020.

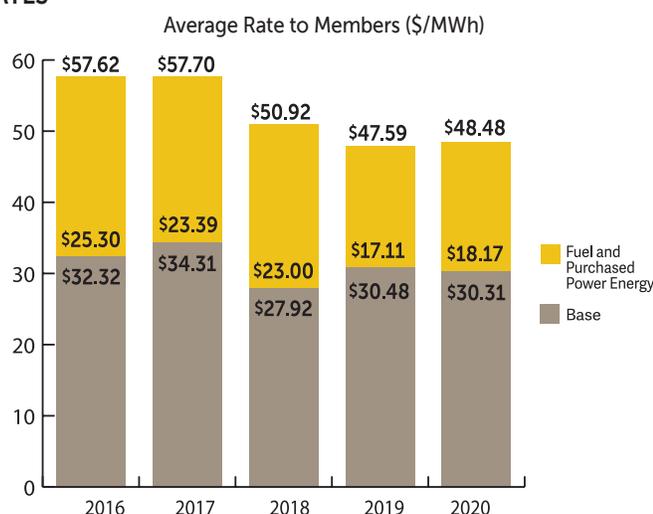
Golden Spread must also maintain authorization under Section 204 of the Federal Power Act to issue debt. Currently, Golden Spread is authorized to: (1) issue short-term debt in an aggregate amount not to exceed \$600 million, (2) issue long-term debt in an aggregate amount not to exceed \$2 billion and (3) continue to issue or assume notes in connection with the special facility transactions under Rider A of its wholesale rate. Current authorization to issue debt is through July 31, 2021.

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 FERC proceedings and subsequent appellate review 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 market design, cost allocation, rules related to SPP governance or other terms and conditions of service.

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

Golden Spread supports EPA's final rule to replace the Clean Power Plan with the Affordable Clean Energy (ACE) Rule (for existing power plants). Golden Spread also supports EPA's revisions to the New Source Rule (for new, modified and reconstructed plants). EPA's replacement rules provide Golden Spread with the continued flexibility it needs to meet its Members' generation needs. On July 8, 2019, the American Lung Association and American Public Health Association filed the first petition challenging the ACE Rule in the U.S. Court of Appeals for the District of Columbia Circuit. Golden Spread's national cooperative industry group, the National Rural Electric Cooperative Association, intervened in the case and filed its briefs in July 2020 in support of the ACE Rule. U.S. Court of Appeals for the D.C. Circuit rejected the ACE Rule on January 19, 2021.

RATES



Fuel rates remained generally low in 2020, averaging \$1.35 per MMBtu, which is higher than the historically low 2019 rate of \$1.06 per MMBtu. Golden Spread generated 41% of Members' loads in 2020 with natural gas compared to 56% in 2019.

In addition, Golden Spread takes advantage of low energy prices available in the ERCOT and SPP markets to keep rates low. In 2020, 42% of the energy needed to serve Members' loads was purchased from these markets, while in 2019, 23% was purchased. Golden Spread utilizes market purchases to reduce Members' rates when market prices are less than its incremental production cost.

Base rates were affected by increases in plant operations and maintenance and transmission costs. These were partially offset by reductions in administrative and general (A&G) expenses. The 2020 Board-approved Equity Stabilization Charge (ESC) remained the same as in 2019.

results of operation

SALES

Sales are summarized in the following table:

SUMMARY OF SALES AND REVENUE

	Year Ended December 31	
	2020	2019
Operating Revenues (\$ in 000s)		
Member System Service Rate Sales (net of Deferred Member Sales of \$4,364 and \$0)	\$ 382,967	\$ 357,367
Member Rider A Sales	11,599	11,747
Nonmember Sales (net of Deferred Nonmember Margin of \$21,675 and \$62,704)	16,193	28,852
Other	2,856	12,625
Total Operating Revenues	\$ 413,615	\$ 400,591
Megawatt-Hour Sales (MWh in 000s)		
SPP Member Sales	6,224	5,718
ERCOT Member Sales	1,675	1,792
Total Member Sales	7,899	7,510
Nonmember Sales (includes energy and ancillary services sales)	988	1,591
Total MWh Sales	8,887	9,101
Average Rate to Members (\$/MWh)	\$ 48.48	\$ 47.59

For the 12 months ended December 31, 2020, the average rate to Members increased as compared to the same time period in 2019, due to higher fuel and purchased power costs, higher plant operations and maintenance costs and higher transmission costs. These costs were offset somewhat by lower property taxes and reduced administrative and general expenses. Fuel and purchased power energy costs to Members averaged \$18.17 per MWh for 2020, which is higher than the 2019 average price of \$17.11 per MWh. The average fuel and purchased power energy costs were affected by changes in natural gas prices discussed above and were also affected by market prices that were, in turn, influenced by natural gas prices and increases in wind energy.

Member megawatt-hour energy sales for 2020 were higher as compared to 2019. Member sales can be impacted by the variability in the oil and gas industry and fluctuations in weather, which affects irrigation sales. Golden Spread has not experienced any significant load loss related to the COVID-19 pandemic.

Nonmember revenues decreased in 2020. A change implemented in Golden Spread's wholesale power contracts requires all nonmember margins and all major maintenance market revenue to be deferred as a regulatory liability. This change was effective in June 2019. This change allows these revenues to be applied to future rate periods at the discretion of Golden Spread's Board of Directors. This resulted in \$26.0 million of revenue being deferred as a regulatory liability in 2020.

NET MARGINS

Margins include the annual Board-approved ESC, which establishes the amount of margin to be included in rates each year, nonmember sales and other sources of margins. 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 2020 were \$15.8 million as compared to \$25.4 million for 2019. The decrease in net margins is due to nonmember sales margin being deferred to future periods as discussed above. 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:

<i>Dollars in thousands</i>	YTD Ended December 31	
	2020	2019
Fuel and Purchased Power Energy	\$ 142,912	\$ 128,588
Purchased Power Capacity	3,677	5,085
Transmission	80,349	74,069
Plant Operations and Maintenance	46,656	41,036
Administrative and General	30,635	32,009
Depreciation	46,053	46,922
Taxes Other than Income Taxes	7,343	8,121
Other	15,316	15,370
Total	<u>\$ 372,941</u>	<u>\$ 351,200</u>

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

Transmission costs increased in 2020, as compared to 2019, due to an increase in Golden Spread's load ratio share of transmission billing units and higher tariff charges from ERCOT and SPP transmission service providers.

Plant Operation and Maintenance (O&M) expenses vary from year to year based on a variety of factors ranging from increased operations, schedule of required planned maintenance and maintenance cost resulting from unplanned outages, along with other expenses necessary for plant operations. The increase in O&M expenses for 2020, as compared to 2019, was primarily due to increased planned and unplanned maintenance expenses at the Mustang Station and Antelope Elk Energy Center facilities. This was driven by increased run time for the units.

Administrative and general costs were lower in 2020, as compared to 2019, due to cost reductions made to minimize the COVID-19 impact on Golden Spread's rate.

Depreciation expense remained consistent in 2020, as compared to 2019.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31 2020, Golden Spread had available cash and cash equivalents of approximately \$208.2 million. Golden Spread also had lines of credit totaling \$210.0 million for liquidity purposes, such as the financing of our current capital projects, inventory purchases and for other liquidity needs. As of December 31, 2020, \$4.2 million was borrowed under these credit lines. There are no restrictions, limitations or pledges of cash or any other assets, other than as separately identified on the financial statements and in the footnotes. In May 2017, Golden Spread closed on a four-year line of credit agreement with National Rural Utilities Cooperative Finance Corporation (CFC) for \$80.0 million (downsized from the previous \$125.0 million agreement that was set to expire in August 2017). Also, in May 2017, Golden Spread closed on a five-year \$50.0 million line of credit with CoBank. In June 2020, Golden Spread closed on a one-year \$20.0 million line of credit with Bank of America, which replaced a \$75.0 million agreement that expired in May 2020. In addition, Golden Spread closed on an additional one-year \$40.0 million line of credit with CFC. Also, in June 2020, Golden Spread renewed an unsecured committed line of credit for \$20.0 million from Amarillo National Bank. This line of credit expires in June 2022. In addition to the cash balances maintained at each year end, Golden Spread also had additional borrowing capability of approximately \$237.0 million under the Trust Indenture at December 31, 2020.

LINE OF CREDIT USAGE

	Years Ended December 31	
	2020	2019
Maximum Amount Borrowed on Lines of Credit (in Millions)	\$ 4.2	\$ 3.9
Average Interest Rate	2.12 %	3.57 %

CONTRACTUAL OBLIGATIONS AT DECEMBER 31, 2020

The following table details our fixed contractual obligations for 2021 through 2025.

<i>Dollars in thousands</i>	PAYMENTS DUE			
	Total 2021-2025	2021	2022-2023	2024-2025
Principal Payments on Long-Term Debt	\$ 136,447	\$ 25,305	\$ 54,212	\$ 56,930
Interest Payments on Long-Term Debt	111,738	24,849	46,076	40,813
Purchased Power Obligations ¹ - Demand	250	250	-	-
Purchased Power Obligations ¹ - Energy	185,309	36,833	73,969	74,507
Firm Gas Transportation	64,958	12,736	21,111	26,111
Long-Term Service and Parts Agreements ¹	12,505	9,735	2,770	-
Wind Ranch Land Lease - Minimum Rent	4,235	847	1,694	1,694
Operating Leases	717	414	303	-
Total	<u>\$ 516,159</u>	<u>\$ 110,969</u>	<u>\$ 205,135</u>	<u>\$ 200,055</u>

¹Based 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 2021, the Board did not authorize payment of patronage in response to Winter Storm Uri discussed below. In 2020 and 2019, distributions of \$27.5 million and \$20.1 million, respectively, were 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 April 2021, Standard & Poor's Rating Services lowered its rating of Golden Spread to an A+ from AA- due to the effects of Winter Storm Uri. In August 2020, Fitch Ratings reaffirmed its rating on our 2005 Series senior secured debt of AA-, with a stable outlook. In March 2021, Moody's Investor Services reaffirmed its general corporate credit rating of A2 (unsecured) with a stable outlook.

subsequent events

WINTER STORM URI

In February 2021, the electric power markets in Texas were significantly impacted by Winter Storm Uri. Golden Spread experienced significantly higher fuel and purchased power costs during the storm event. The impact is projected to be between \$232 million and \$245 million. The ultimate amount will be impacted by settlement data, Texas Legislative actions and other factors that have not been resolved. This event's impact was deferred as a regulatory asset to be recovered in future rates. Golden Spread entered into agreements for two additional lines of credit to provide additional liquidity in response to the event. Golden Spread closed on an additional one year line of credit agreement with CFC for \$100 million in February 2021 and an additional \$40 million line of credit with CoBank in March 2021. Golden Spread plans to seek longer-term financing to fund the event costs to match the amortization period.

LINES OF CREDIT

Golden Spread renewed its \$80 million line of credit with CFC on February 12, 2021. This agreement will expire in May 2025.



KPMG LLP
Two Park Square, Suite 700
6565 Americas Parkway, N.E.
Albuquerque, NM 87110-8179

Independent Auditors' Report

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

We have audited the accompanying consolidated financial statements of Golden Spread Electric Cooperative, Inc. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of income, changes in Members' equity, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Golden Spread Electric Cooperative, Inc. and its subsidiaries as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Albuquerque, New Mexico
April 28, 2021

**GOLDEN SPREAD ELECTRIC COOPERATIVE, INC.
AND SUBSIDIARIES**

Consolidated Balance Sheets

December 31, 2020 and 2019

Assets	2020	2019
Utility plant at cost:		
Electric plant in service	\$ 1,163,602,908	1,149,971,602
Capital maintenance	15,914,030	31,349,252
Construction work in progress	30,152,372	3,244,028
Less accumulated depreciation – plant and equipment	382,383,081	343,221,515
Less accumulated amortization – capital maintenance	<u>13,966,116</u>	<u>24,329,783</u>
Total utility plant	<u>813,320,113</u>	<u>817,013,584</u>
Other property and investments – at cost or stated value:		
Investments in associated organizations and special funds	6,860,977	6,347,905
Plant held for future use	—	1,249,124
Other property	<u>15,655,267</u>	<u>14,931,899</u>
Total other property and investments	<u>22,516,244</u>	<u>22,528,928</u>
Current assets:		
Cash and cash equivalents	208,178,612	192,228,112
Accounts receivable	29,964,226	31,124,410
Prepaid capital maintenance	35,451,093	28,556,871
Prepaid expenses and other current assets	<u>60,628,681</u>	<u>58,554,826</u>
Total current assets	<u>334,222,612</u>	<u>310,464,219</u>
Other assets:		
Deferred charges	2,149,293	1,936,251
Other charges	<u>724,352</u>	<u>1,086,528</u>
Total other assets	<u>2,873,645</u>	<u>3,022,779</u>
Total assets	<u>\$ 1,172,932,614</u>	<u>1,153,029,510</u>
Members' Equity and Liabilities		
Members' equity:		
Patronage capital	\$ 437,245,886	448,356,647
Contributed capital	<u>9,773,525</u>	<u>10,397,367</u>
Total members' equity	<u>447,019,411</u>	<u>458,754,014</u>
Long-term debt:		
Mortgage notes less current maturities	524,111,625	539,267,284
Current liabilities:		
Current maturities of long-term debt	25,304,655	24,450,800
Line of credit	4,204,904	3,916,854
Accounts payable	14,122,695	15,685,903
Other accrued expenses	<u>62,751,543</u>	<u>41,202,592</u>
Total current liabilities	<u>106,383,797</u>	<u>85,256,149</u>
Deferred credits:		
Asset retirement obligation	4,295,697	4,116,624
Other deferred credits	2,404,933	1,430,940
Regulatory liabilities	<u>88,717,151</u>	<u>64,204,499</u>
Total deferred credits	<u>95,417,781</u>	<u>69,752,063</u>
Total members' equity and liabilities	<u>\$ 1,172,932,614</u>	<u>1,153,029,510</u>

See accompanying notes to consolidated financial statements.

**GOLDEN SPREAD ELECTRIC COOPERATIVE, INC.
AND SUBSIDIARIES**

Consolidated Statements of Income

Years ended December 31, 2020 and 2019

	2020	2019
Operating revenues:		
Wholesale power sales	\$ 399,160,558	386,219,388
Other operating revenues	14,454,821	14,372,023
Total operating revenues	413,615,379	400,591,411
Operating expenses:		
Purchased power	95,803,790	77,500,938
Fuel expense	50,785,402	56,172,352
Transmission expense	80,349,214	74,068,459
Other power supply expense	1,439,249	1,992,796
Plant operations and maintenance	45,217,193	39,043,311
Other operating expense	15,315,661	15,370,218
Administrative and general	30,635,168	32,008,759
Depreciation and amortization	46,052,886	46,921,730
Taxes other than income taxes	7,342,555	8,121,419
Total operating expenses	372,941,118	351,199,982
Operating margins – before fixed charges	40,674,261	49,391,429
Fixed charges:		
Short-term interest	736,229	706,929
Interest on long-term debt	25,179,744	26,094,685
Amortization of debt issuance costs	139,379	139,379
Total fixed charges	26,055,352	26,940,993
Operating margins – after fixed charges	14,618,909	22,450,436
Nonoperating margins:		
Interest and capital credit income	2,092,990	3,858,361
Gain on disposition of property	—	8,250
Other expense	(946,502)	(955,598)
Total nonoperating margins	1,146,488	2,911,013
Net margins	\$ 15,765,397	25,361,449

See accompanying notes to consolidated financial statements.

**GOLDEN SPREAD ELECTRIC COOPERATIVE, INC.
AND SUBSIDIARIES**

Consolidated Statements of Changes in Members' Equity

Years ended December 31, 2020 and 2019

	<u>Patronage Capital</u>	<u>Contributed Capital</u>	<u>Total</u>
Balance, December 31, 2018	\$ 442,612,986	10,879,579	453,492,565
Net Margins – 2019	25,361,449	—	25,361,449
Patronage/Contributed Capital Retirement	<u>(19,617,788)</u>	<u>(482,212)</u>	<u>(20,100,000)</u>
Balance, December 31, 2019	448,356,647	10,397,367	458,754,014
Net Margins – 2020	15,765,397	—	15,765,397
Patronage/Contributed Capital Retirement	<u>(26,876,158)</u>	<u>(623,842)</u>	<u>(27,500,000)</u>
Balance, December 31, 2020	<u>\$ 437,245,886</u>	<u>9,773,525</u>	<u>447,019,411</u>

See accompanying notes to consolidated financial statements.

**GOLDEN SPREAD ELECTRIC COOPERATIVE, INC.
AND SUBSIDIARIES**

Consolidated Statements of Cash Flows

Years ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Net margins	\$ 15,765,397	25,361,449
Adjustments to reconcile net margins to net cash provided by operating activities:		
Depreciation and amortization	46,052,886	47,565,486
Loss (gain) on disposition of property and other write-offs	—	(86,569)
Capital credits	(957,234)	(954,675)
Changes in assets and liabilities:		
Deferred charges	(304,541)	724,718
Other charges	501,554	450,940
Deferred credits	973,993	94,127
Regulatory liability	24,512,652	64,204,499
Accounts receivable	1,160,184	(2,172,249)
Prepayments and other current assets	(10,457,196)	(24,897,758)
Payables and other accrued expenses	6,238,105	(6,964,938)
Net cash provided by operating activities	83,485,800	103,325,030
Cash flows from investing activities:		
Additions to utility plant	(26,918,055)	(11,745,812)
Insurance proceeds	65,970	—
Changes to other property and plant held for future use	525,756	(726,104)
Investments in associated organizations and other	444,162	476,444
Net cash used in investing activities	(25,882,167)	(11,995,472)
Cash flows from financing activities:		
Retirement of patronage and contributed capital	(27,500,000)	(20,100,000)
Payments on long-term debt	(24,306,912)	(23,589,322)
Advance on long-term debt – special facilities	9,865,729	1,160,662
Borrowings – line of credit	147,650,661	178,803,973
Repayments – line of credit	(147,362,611)	(175,036,843)
Net cash used in financing activities	(41,653,133)	(38,761,530)
Increase in cash and cash equivalents	15,950,500	52,568,028
Cash and cash equivalents – beginning of year	192,228,112	139,660,084
Cash and cash equivalents – end of year	\$ 208,178,612	192,228,112
Supplemental disclosures:		
Interest paid during the year	\$ 25,477,352	26,369,977

Noncash investing and financing transactions:

In 2020, Golden Spread had significant noncash transactions: the transfer of \$1,916,315 from CWIP to inventory, transfer of \$3,450,434 from inventory to CWIP, transfer of \$1,249,124 from Plant Held for Future Use to Other Property, and \$13,747,638 of additions to utility plant in payables and accrued expenses.

In 2019, Golden Spread had three significant noncash transactions: the transfer of \$1,460,041 from inventory to utility plant, transfer of prepaid capital maintenance to capital maintenance in the amount of \$669,982 to account for 2019 maintenance activities, and the transfer of \$22,500,000 of generation equipment from other property to inventory.

See accompanying notes to consolidated financial statements.

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(1) Organization and Operations

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

The consolidated balance sheets 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), at December 31, 2020 and 2019. The consolidated statements of income, changes in Members' equity and cash flows for 2020 and 2019 include the accounts of Golden Spread and its wholly owned operating subsidiaries, GSPWR and GSEC Properties. 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. GSPWR is subject to FERC jurisdiction.

(2) Summary of Significant Accounting Policies

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

(a) Principles of Consolidation

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

(b) 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 consolidated balance sheet.

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.

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

(c) Utility Plant

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

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

Production plant	15–30 Years
Transmission and distribution plant	6–36 Years
Gas interconnections	15 Years
General plant	3–10 Years

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

AFUDC represents the cost of interest capitalized during the construction period. AFUDC was zero in 2020 and 2019.

(e) 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 \$1.6 million and \$1.7 million for 2020 and 2019, respectively, is presented as a reduction of the carrying amount of long-term debt.

(f) Cash and Cash Equivalents

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

(g) 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.

(h) Other Property

At December 31, 2020 and 2019, other property includes land, water rights, and a seven-story office building in which Golden Spread's headquarters are located.

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(i) 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 our 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 we expect to recover from our Members based on rates approved by our Board in accordance with our rate policy. Regulatory liabilities represent probable future amounts that are expected to be refunded to our Members based on rates approved by our Board in accordance with our rate policy.

(j) 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.

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

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

(l) 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 (the 85% Test). For the year ended December 31, 2020, Golden Spread met the 85% Test and qualifies for the tax exemption. Golden Spread did not meet the 85% Test for the year ended December 31, 2019 and was required to file as a taxable cooperative.

Golden Spread's wholly owned subsidiary, GSPWR is taxable as a C corporation under the Internal Revenue Code. 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. The primary tax position of Golden Spread is its filing status as a tax-exempt entity based on the annual 85% Test discussed above. Golden Spread has determined that it is more likely than not that this tax position will be sustained, in years where the Member income requirements are met, 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. For the year ended December 31, 2020 Golden Spread was tax-exempt. Golden Spread did not owe income taxes for the year ended December 31, 2019 as the

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taxable cooperative reported utility revenues as patronage sourced income. If off-system sales were treated as nonpatronage, a taxable loss would be reported also resulting in no tax due.

In years where Golden Spread is recognized as a tax-exempt cooperative, Golden Spread and each of its current or former wholly owned subsidiaries, except GSEC Properties (whose income, as a disregarded entity, is reported on Golden Spread's tax return) file separate income tax returns in the U.S. federal jurisdiction. Golden Spread is no longer subject to income tax examinations by federal taxing authorities for years before 2017. Since Golden Spread was required to file as a taxable corporation operating on a cooperative basis in 2019, it filed a consolidated tax return with its wholly owned subsidiaries.

(m) Fair Value Measurements

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

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

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

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

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(3) Utility Plant

The components of utility plant are summarized as follows:

	December 31	
	2020	2019
Plant in service:		
Land	\$ 2,826,034	2,826,034
Production plant	976,557,584	974,265,108
Transmission and distribution plant	157,324,941	146,688,731
General plant	26,894,349	26,191,729
Total electric plant in service	1,163,602,908	1,149,971,602
Capital maintenance	15,914,030	31,349,252
Construction work in progress	30,152,372	3,244,028
Total electric plant	\$ 1,209,669,310	1,184,564,882

At December 31, 2020 and 2019, construction work in progress consisted primarily of construction expenditures related to production, transmission, and distribution plant.

Transmission and distribution plant consist 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 National Rural Utilities Cooperative Finance Corporation (CFC) on the transmission and distribution plant.

Transmission and distribution plant are excluded from the Trust Indenture (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.

Capital Maintenance is accounted for using the deferral method of accounting (note 5). During 2020, the capital maintenance for Mustang unit #1 was completely amortized and retired; the current year capital maintenance was in process at December 31, 2020 and placed into service in January 2021.

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(4) Cash and Cash Equivalents

Cash and cash equivalents are summarized as follows:

	December 31	
	2020	2019
Cash	\$ 5,131,502	4,262,975
Commercial paper and certificate of deposit	8,863,531	15,232,104
CFC select notes	193,129,244	172,161,727
CFC daily fund investment	1,054,335	571,306
Total cash and cash equivalents	\$ 208,178,612	192,228,112

Cash and cash equivalents are recorded at cost, which approximates fair value. The commercial paper and certificate of deposit matured by January 14, 2021 and had interest rates ranging from 0.12% to 0.40%. The CFC Select Notes matured by March 31, 2021 and had interest rates ranging from 0.24% to 0.31%. The CFC daily fund investments earn interest at a variable interest rate (0.1% at December 31, 2020).

(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 has a base fee for each gas turbine, with provisions for index adjustments and operational adjustments. Golden Spread made payments of \$7.1 million and \$6.0 million in 2020 and 2019, respectively. The associated maintenance costs under this agreement are accounted for by expensing a portion of the cost related to yearly monitoring and diagnostic services, and the remainder of the cost is recorded using the deferral method of accounting and is recorded as capital maintenance in the accompanying consolidated balance sheets when the related maintenance services are performed. The amounts paid in advance, other than the annual expense amount, are recorded in the prepaid capital maintenance account (\$35.5 million and \$28.6 million at December 31, 2020 and 2019, respectively) until the maintenance services have been performed. Once the maintenance services have been performed, the associated cost is transferred to capital maintenance and amortized over the maintenance interval for the associated type of maintenance.

The term of the LTSPA will expire after the earlier of the 23rd anniversary of the LTSPA in 2024, or when the completion of the third major inspection subject to the unit achieving the required run hours or starts on the unit per the LTSPA (which is expected to occur in 2021). However, the spare parts discounts and factory repair services will remain in effect through the 23rd anniversary of the LTSPA.

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(6) Deferred and Other Charges

Deferred and other charges consist of regulatory assets as well as other assets. Regulatory assets consist of \$1.9 million of deferred expenses associated with the Special Facility Assets (SFA), which are being amortized, by the participating Member system, over the average remaining life of those assets. In addition, \$0.7 million 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.

Deferred and other charges consist of the following:

	December 31	
	2020	2019
Deferred charges:		
Regulatory assets	\$ 1,873,793	1,526,353
Preliminary survey and investigation	—	112,445
Other deferred charges	275,500	297,453
Total deferred charges	\$ 2,149,293	1,936,251
Other charges:		
Prepaid pension	\$ 724,352	1,086,528
Total other charges	\$ 724,352	1,086,528

(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.

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 in the prepaid expenses and other current assets section of the balance sheet. 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. In 2019, Golden Spread was granted regulatory approval to defer gains from the current year to use for rate stabilization in future periods.

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, therefore are assigned as Level 3 fair value measurement.

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Changes in Level 3 FTR derivatives are as follows:

	December 31	
	2020	2019
Balance at January 1	\$ 10,455,498	2,097,142
Purchases	18,896,429	12,570,045
Settlements	(16,346,438)	(5,195,042)
Net gains recorded as regulatory liability	(1,526,195)	1,500,355
Net (losses) gains recognized as purchased power expense	—	(517,002)
Balance at December 31	<u>\$ 11,479,294</u>	<u>10,455,498</u>

FTR MWh for 2020 and 2019 were:

	December 31	
	2020	2019
FTR Volume (MWh)	2,786,688	1,392,331

(8) Long-Term Debt

Long-term debt is summarized as follows:

	December 31	
	2020	2019
5.75% senior secured notes, due through 2025	\$ 18,260,500	21,723,600
5.00% senior secured note, due through 2043	65,391,990	66,931,676
4.95% senior secured notes, due through 2041	125,165,335	128,483,914
4.35% senior secured notes, due through 2031	163,384,759	174,734,978
3.93% senior secured note, due through 2045	17,778,497	18,209,646
3.82% senior secured notes, due through 2045	35,617,726	36,483,799
3.75% senior secured note, due through 2045	35,583,968	36,455,745
3.50%–7.60% fixed rate mortgage notes, due through 2050	88,528,610	78,554,270
Variable rate mortgage notes, due through 2047	1,289,017	3,863,957
Debt issuance costs	(1,584,122)	(1,723,501)
	549,416,280	563,718,084
Less current maturities	<u>25,304,655</u>	<u>24,450,800</u>
	<u>\$ 524,111,625</u>	<u>539,267,284</u>

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On February 18, 2015, Golden Spread locked in a rate of 3.82% for a \$40.0 million 30-year level payment, amortizing loan with Prudential. This loan closed on March 16, 2015. On February 19, 2015, Golden Spread locked in a rate of 3.75% for a \$40.0 million 30-year level payment, amortizing loan with CFC. This loan closed on May 18, 2015. On May 15, 2015, Golden Spread locked in a rate of 3.93% for \$20.0 million with CoBank. This loan closed on June 10, 2015. For these three transactions, Golden Spread used \$110.0 million of its bondable additions. These proceeds were used for general corporate purposes, including, but not limited to, refinancing short-term liquidity. All senior secured notes are fully amortizing over the term of the loans.

The other senior secured notes are first mortgage obligations issued by Golden Spread in August 2011 and May 2005, through private placement offerings and in July 2013 with CFC. The senior secured notes are secured under a Trust Indenture, amended and restated as of June 29, 2012, as supplemented (the 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. These Qualifying Securities may be "Designated Qualifying Securities" or "Undesignated Qualifying Securities" under the Trust Indenture. In the case of Designated Qualifying Securities, Golden Spread issues debt under the Trust Indenture on the basis of the Designated Qualifying Securities, and the Designated Qualifying Securities have the same terms as the Golden Spread debt. At December 31, 2020, Designated Qualifying Securities of \$52.3 million related to GSPWR remained under the Trust Indenture.

Assets held under the Trust Indenture totaled \$933.8 million at December 31, 2020, and includes land, production plant, plant-related general plant, and Designated Qualifying Securities of GSPWR (eliminated in consolidation), as reported on the consolidated balance sheets. The Trust Indenture requires Golden Spread to establish and collect rates for the use or the sale of the output, capacity, or service of its system that, together with other revenues available to Golden Spread, are reasonably expected to yield a Margins for Interest Ratio of at least 1.10 for each fiscal year. The Trust Indenture also contains restrictions on distributions by Golden Spread to its Members. The supplemental indenture under which the 2005 senior secured notes were issued contains certain other covenants. These covenants 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. At December 31, 2020 and 2019, Golden Spread had met all requirements of the Trust Indenture.

At December 31, 2020, Golden Spread had sufficient assets, including Qualifying Securities under the indenture to issue approximately \$237.0 million in additional debt.

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 \$90.7 million and \$83.1 million at December 31, 2020 and 2019, respectively) and the revenues recoverable through the special facilities charges associated with the transmission and distribution assets. These assets are excluded from the Trust Indenture, and the variable and fixed rate mortgage notes are not secured under the Trust Indenture. GSEC Properties assets are also excluded from the Trust Indenture.

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As of December 31, 2020, annual maturities of long-term debt for the next five years are as follows:

2021	\$	25,304,655
2022		26,485,113
2023		27,727,325
2024		28,830,665
2025		28,099,411

(9) Short-Term Credit Facilities

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

	December 31	
	2020	2019
Borrowings under lines of credit at weighted average rates of 2.12% and 3.39% at December 31, 2020 and 2019, respectively	\$ 4,204,904	3,916,854

In June 2020, Golden Spread renewed, for \$20.0 million (previously \$30.0 million), its unsecured committed line of credit from Amarillo National Bank that has interest at LIBOR plus a credit spread. This line of credit expires in June 2022. Borrowings under this line of credit at December 31, 2020 and 2019 were \$4.2 million and \$3.9 million, respectively.

In May 2017, Golden Spread closed on a four-year line-of-credit agreement with CFC for \$80 million. This agreement bears interest at LIBOR plus a credit spread for the four-year term. This line of credit is also available to provide letters of credit. In May 2017, a \$10.0 million letter of credit was issued under this arrangement. There were no borrowings outstanding under this line of credit at December 31, 2020 or 2019.

In May 2017, Golden Spread closed on a new five-year \$50 million line of credit with CoBank. Golden Spread utilized the CoBank facility to post a \$35 million letter of credit with ERCOT for the increased credit requirements associated with ERCOT market operations. This agreement bears interest at LIBOR plus a credit spread for the five-year term. There were no borrowings outstanding under this line of credit at December 31, 2020 or 2019.

In June 2020, Golden Spread closed on a one-year line-of-credit agreement with CFC for \$40 million. This agreement bears interest at LIBOR plus a credit spread for the one-year term. There were no borrowings outstanding under this line of credit at December 31, 2020.

In June 2020, Golden Spread closed on a one-year line-of-credit agreement with Bank of America for \$20 million. This agreement bears interest at LIBOR plus a credit spread for the one-year term. There were no borrowings outstanding under this line of credit at December 31, 2020.

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(10) Regulatory Liabilities

Regulatory liabilities of \$88.7 million and \$64.2 million, as of December 31, 2020 and 2019, respectively, represent the deferral of the recognition of nonmember electric sales and some member revenues. These deferred revenues will be refunded to Members through reduced rates when recognized in future periods.

(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 land-leased site for its wind turbines to a "green field" condition, as stated in its lease agreement. The net asset retirement obligation, which is reported in deferred credits in the accompanying 2020 and 2019 consolidated balance sheets, and the changes in the net liability for the years ended December 31, 2020 and 2019, are as follows:

	December 31	
	2020	2019
Beginning balance	\$ 4,116,624	3,945,015
Accretion expense	179,073	171,609
Ending balance	\$ 4,295,697	4,116,624

(12) Income Taxes

At December 31, 2020, GSEC met all requirements of the 85% Test and was tax-exempt for the tax year then ended. However, for the 2019 tax year, GSEC did not meet all of the requirements of the 85% Test and operated as a taxable cooperative. Accordingly, at December 31, 2019, GSEC had cumulative financial income of \$25.3 million and cumulative federal taxable income of \$0. The difference in financial and taxable income is related to temporary differences in depreciation and deferred revenue. The deferred revenue is patronage sourced and will not be taxable income in future years; therefore, no deferred asset or liability has been recognized. If off-system sales were treated as nonpatronage the estimated deferred tax assets for 2019, net of deferred tax liabilities, would be \$13.0 million computed using the corporate statutory rate of 21% offset 100% by a valuation allowance.

At December 31, 2020 and 2019, GSPWR had a cumulative financial income of \$2.3 million and \$1.7 million, respectively, and a cumulative federal tax loss carryforward of \$48.3 million and \$44.4 million, respectively (due partially to a permanent difference related to Treasury Section 1603 50.0% basis increase, but also to temporary differences due to tax depreciation). These tax loss carryforwards expire between 2031 and 2038. The current tax expense for 2020 and 2019 was \$0 and \$0, respectively. The deferred income tax expense for 2020 and 2019 was \$0 and \$0, respectively, using the corporate statutory rate of 21%. The related deferred tax assets for 2020 and 2019 of \$11.0 million and \$10.3 million, respectively, computed using the corporate statutory rate of 21%, have been fully reduced by a valuation

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allowance for the amount net of other deferred tax liabilities related to depreciation for 2020 of \$8.4 million and for 2019 of \$7.1 million, based on expected net realizable value. Therefore, no deferred tax asset or liability has been recognized.

(13) Revenue

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

	December 31	
	2020	2019
Member Power Sales	\$ 398,930,113	369,114,423
Non-Member Power Sales	37,868,316	91,555,871
Transmission Revenue	2,641,347	2,406,730
Service Agreement Revenue	214,449	208,631
Other	—	9,900
Deferred Sales	(26,038,846)	(62,704,144)
	\$ 413,615,379	400,591,411

Revenues for Golden Spread are derived primarily from the sale of electric power to our Members pursuant to long-term wholesale electric service contracts or “Wholesale Power Contracts” (WPC’s). 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 ten years notice is given. Golden Spread has 16 Member contracts to supply power requirements (energy and demand). These contracts are substantially identical, as such GSEC does not incur significant contract acquisition costs. Pursuant to these contracts, GSEC 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 GSEC. The revenues from these wholesale power contracts constituted at least 92% of total revenues for the past two years. GSEC 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. Amounts billed to Members in excess of or less than recoverable costs under rate tariffs are accrued as an addition or reduction of revenues and as a current asset or current liability to the Members on the consolidated balance sheet. Contract receivables at December 31, 2020 and 2019 were \$30.0 million and \$31.1 million, respectively. At December 31, 2020 and 2019, contract liabilities representing amounts over collected from Members included in other accrued expenses totaled \$20.2 million and \$14.9 million, respectively.

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

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(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 defined-benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is a multiemployer plan under the accounting standards. The plan sponsor's Employer Identification Number is 53-0116145, and the Plan Number is 333. Golden Spread makes contributions to the RS Plan as required by the plan agreement. This multiemployer plan is available to all member cooperatives of NRECA. A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers. Golden Spread's contributions to the RS Plan in 2020 and in 2019 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 was \$3.0 million in 2020 and \$2.5 million in 2019. There have been no significant changes that affected the comparability of total employer contributions for 2020 and 2019. In the RS Plan, a "zone status" determination is not required and, therefore, not determined under the Pension Protection Act (PPA) of 2006. In addition, the accumulated benefit obligations and plan assets are not determined or allocated separately by individual employer. In total, the RS Plan was more than 80% funded on January 1, 2020 and 2019 based on the PPA funding target and PPA actuarial value of assets on those dates. Because the provisions of the PPA do not apply to the RS Plan, funding improvement plans and surcharges are not applicable. Future contribution requirements are determined each year as part of the actuarial valuation of the plan and may change as a result of plan experience.

At the December 2012 meeting of the Insurance and Financial Services Committee (the 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 is amortizing this amount over 10 years.

Golden Spread also has a defined-contribution plan (the Saving 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 4.0% of each participating employee's salary. Employer contributions to the plan for the years ended December 31, 2020 and 2019 were \$0.4 million for each year.

Golden Spread has an unfunded nonqualified deferred compensation plan, Executive Benefit Restoration Plan (the 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.

**GOLDEN SPREAD ELECTRIC COOPERATIVE, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

The liability associated with the EBR Plan was \$0.9 million and \$0.1 million for the years ended December 31, 2020 and 2019, respectively. Such amounts are included in deferred credits in the accompanying consolidated financial statements. Periodic benefit costs of \$0.3 million and \$0.0 million were recorded in 2020 and 2019, respectively.

(15) Significant Customers

Golden Spread has four Members whose power purchases typically represent at least 10% of Golden Spread's annual power sales to its Members. For each of the years ended December 31, 2020 and 2019, sales to South Plains Electric Cooperative, Inc. represented 13% to 14% of sales to Members (11% to 13% of total sales), sales to Deaf Smith Electric Cooperative, Inc. represented 10% to 11% of sales to Members (8% to 10% of total sales), sales to Lyntegar Electric Cooperative, Inc. represented 10% to 11% of sales to Members (8% to 9% of total sales), and sales to Tri-County Electric Cooperative, Inc. represented 11% to 12% of sales to Members (9% to 11% of total sales).

(16) Commitments and Contingencies

Golden Spread is obligated under a 20-year power purchase agreement to purchase all the energy produced by a 106.5 MW wind farm located in central Oklahoma, which began commercial operation in December 2012. Golden Spread's obligation requires payment of a fixed rate per megawatt-hour for all energy produced. The rate remains the same through the termination of the contract in 2032.

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

Golden Spread is obligated under a capacity agreement with a third-party supplier to purchase firm and deliverable capacity. These obligations total approximately 132 MW and run from June 2020-September 2021.

Golden Spread is also obligated under several long-term power purchase agreements with certain of its Members and with third-party suppliers to purchase renewable energy in SPP and ERCOT regions. These power purchase agreements total approximately 19 MW and have terms of varying lengths, terminating from 2026 through 2045.

Golden Spread is aware of a preliminary investigation by a regulatory agency that may, if pursued, result in litigation and claims brought against Golden Spread. Golden Spread is not able to conclusively determine whether such preliminary investigation will result in Golden Spread becoming a named party in an action, and if so, to quantify with reasonable certainty a liability or a range of liabilities resulting in a material potential loss to Golden Spread.

**GOLDEN SPREAD ELECTRIC COOPERATIVE, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(17) Leases

Golden Spread has several operating leases as outlined in the table below. Lease expense for 2020 and 2019 is as follows:

	<u>2020</u>	<u>2019</u>
Lubbock office space	\$ 108,625	118,500
Wind Ranch land lease – minimum rent	851,068	840,874
Wind Ranch – production royalty payments	172,869	169,199
Data centers	<u>303,116</u>	<u>257,114</u>
Total	<u>\$ 1,435,678</u>	<u>1,385,687</u>

The Lubbock office space lease is from April 1, 2013 through March 31, 2023. Golden Spread’s subsidiary, GSPWR, has 34 wind turbines that were installed on land that has nine separate land leases. Upon commencement of commercial operations in September 2011, and the beginning of the first extended lease term, GSPWR is obligated to pay land lease payments comprising minimum rent payments and production royalty payments of 4.0% to 6.0% of production that exceed the minimum rent payments. In December 2016, Golden Spread entered into a lease for data centers. The data center leases expired in November 2019 and renewed for 24 and 36 months. The future lease payments are listed below:

	<u>Data centers</u>	<u>Lubbock office</u>	<u>Wind Ranch land lease</u>
2021	\$ 276,777	118,500	846,874
2022	150,827	118,500	846,874
2023	—	29,625	846,874
2024	—	—	846,874
2025	—	—	846,874

**GOLDEN SPREAD ELECTRIC COOPERATIVE, INC.
AND SUBSIDIARIES**

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

(18) Other Accrued Expenses

Other accrued expenses at December 31, 2020 and 2019 are as follows:

	<u>2020</u>	<u>2019</u>
Accrued taxes	\$ 5,615,361	6,821,883
Accrued interest	6,470,018	6,767,636
Member refunds	22,256,804	14,879,206
Accrued plant invoices	12,218,391	7,508,923
Accrued substation invoice	9,749,878	—
Other	<u>6,441,091</u>	<u>5,224,944</u>
Total other accrued expenses	<u>\$ 62,751,543</u>	<u>41,202,592</u>

(19) Subsequent Events

Golden Spread's management has evaluated subsequent events through April 28, 2021, the date at which the consolidated financial statements were available for issue.

Golden Spread renewed its existing \$80 million line of credit with CFC for an additional four years in February 2021.

In February 2021, the electric power markets in Texas were significantly impacted by Winter Storm Uri. Golden Spread experienced significantly higher fuel and purchased power costs during the storm event. The impact is projected to be between \$232 million and \$245 million. The ultimate amount will be impacted by settlement data, Texas Legislative actions, and other factors that have not been resolved. This event's impact was deferred as a regulatory asset to be recovered in future rates. Golden Spread entered into agreements for two additional lines of credit to provide additional liquidity in response to the event. Golden Spread closed on an additional one-year line-of-credit agreement with CFC for \$100 million in February 2021 and an additional three-month \$40 million letter-of-credit agreement with Co-Bank on March of 2021.

Golden Spread has evaluated the impact of these issues on the financial statements as of December 31, 2020, including estimates and contingencies, and has determined that no adjustments are necessary to accurately reflect the financial situation of the organization. No other events have occurred that meet the criteria for disclosure set forth by the FASB ASC.

In April 2021, during the regular scheduled maintenance outage on Mustang Station Unit 3 (steam turbine) that began on March 22, 2021, the maintenance crew discovered some damage to the medium-pressure and high-pressure sections of the steam turbine. Golden Spread is evaluating the damage and the steps needed to repair the steam turbine, and does not have an estimate of those cost at this time. Golden Spread has a comprehensive insurance policy and will evaluate the need to file a claim, if necessary.

5-YEAR SUMMARY OF CONDENSED FINANCIAL DATA AND STATISTICAL INFORMATION

	2020	2019	2018	2017	2016
CONDENSED CONSOLIDATED INCOME STATEMENT DATA (000)					
Operating Revenues	\$ 413,615	\$ 400,591	\$ 464,225	\$ 397,637	\$ 408,413
Operating Expenses					
Fuel, Purchased Power and Transmission	\$ 226,938	\$ 207,742	\$ 266,043	\$ 228,046	\$ 249,771
Plant Operations and Maintenance	46,656	41,667	28,646	24,018	22,696
Administrative and General	30,635	32,009	28,703	31,914	30,645
Depreciation and Amortization	46,053	46,922	45,926	44,046	39,294
Taxes Other Than Income Taxes	7,343	8,121	9,855	9,825	8,537
Other Operating Expenses	15,316	14,739	15,665	9,694	8,580
Total Operating Expenses	<u>\$ 372,941</u>	<u>\$ 351,200</u>	<u>\$ 394,838</u>	<u>\$ 347,543</u>	<u>\$ 359,523</u>
Operating Margins - Before Fixed Charges	\$ 40,674	\$ 49,391	\$ 69,387	\$ 50,094	\$ 48,890
Fixed Charges	26,055	26,941	28,155	29,024	27,046
Operating Margins - After Fixed Charges	<u>\$ 14,619</u>	<u>\$ 22,450</u>	<u>\$ 41,232</u>	<u>\$ 21,070</u>	<u>\$ 21,844</u>
Nonoperating Margins	1,146	2,911	1,902	(3,499)	(11,795)
Net Margins	<u>\$ 15,765</u>	<u>\$ 25,361</u>	<u>\$ 43,134</u>	<u>\$ 17,571</u>	<u>\$ 10,049</u>
CONDENSED CONSOLIDATED BALANCE SHEET DATA (000)					
Utility Plant, net	\$ 813,320	\$ 817,014	\$ 849,710	\$ 885,794	\$ 922,391
Other Property and Investments	22,516	22,529	44,592	44,791	48,370
Cash, Cash Equivalents and Short-Term Investment Securities	208,179	192,228	139,660	92,589	88,709
Other Current Assets	126,044	118,236	70,796	73,919	69,005
Other Assets	2,874	3,023	4,199	6,458	7,110
Total Assets	<u>\$ 1,172,933</u>	<u>\$ 1,153,030</u>	<u>\$ 1,108,957</u>	<u>\$ 1,103,551</u>	<u>\$ 1,135,585</u>
Total Members' Equity	<u>\$ 447,019</u>	<u>\$ 458,754</u>	<u>\$ 453,493</u>	<u>\$ 423,058</u>	<u>\$ 417,987</u>
Long-Term Debt, excluding current maturities	\$ 524,112	\$ 539,267	\$ 562,567	\$ 581,339	\$ 593,235
Current Liabilities	106,384	85,257	87,444	93,219	118,031
Deferred Credits	95,418	69,752	5,453	5,935	6,332
Total Liabilities	<u>\$ 725,914</u>	<u>\$ 694,276</u>	<u>\$ 655,464</u>	<u>\$ 680,493</u>	<u>\$ 717,598</u>
Total Members' Equity and Liabilities	<u>\$ 1,172,933</u>	<u>\$ 1,153,030</u>	<u>\$ 1,108,957</u>	<u>\$ 1,103,551</u>	<u>\$ 1,135,585</u>
OTHER FINANCIAL AND STATISTICAL DATA					
Energy Sales					
Energy Sales to Members (MWh)	7,898,832	7,509,715	7,753,192	6,262,561	6,490,018
Energy Sales to Nonmembers (MWh) (1)	987,673	1,591,128	970,829	957,709	1,418,165
Total Energy Sales (MWh)	<u>8,886,505</u>	<u>9,100,843</u>	<u>8,724,021</u>	<u>7,220,270</u>	<u>7,908,183</u>
Member Peak Demand (MW)	1,686	1,730	1,688	1,518	1,550
Member System Load Factor (%)	53.31	49.52	52.40	47.10	47.68
Energy Generated (MWh) (2)	4,374,506	5,905,724	4,159,596	3,720,786	3,862,033
Energy Purchased (MWh) (2)	4,552,525	3,277,219	4,642,571	4,088,207	4,410,519
Average Rate to Members (\$/MWh)	\$ 48.48	\$ 47.59	\$ 50.92	\$ 57.70	\$ 57.62
Average Natural Gas Commodity Price (\$/MMBtu)	\$ 1.35	\$ 1.06	\$ 2.29	\$ 2.72	\$ 2.30
Financial Ratios					
Equity/Capitalization (%)	45	45	44	41	39
Debt Service Coverage (DSC) Ratio	1.75	1.97	2.32	1.88	1.82
Debt/Funds Available for Debt Service	6.31	5.65	5.00	6.53	8.29
Days Cash on Hand	232	221	136	102	93

(1) Includes energy and ancillary services sales

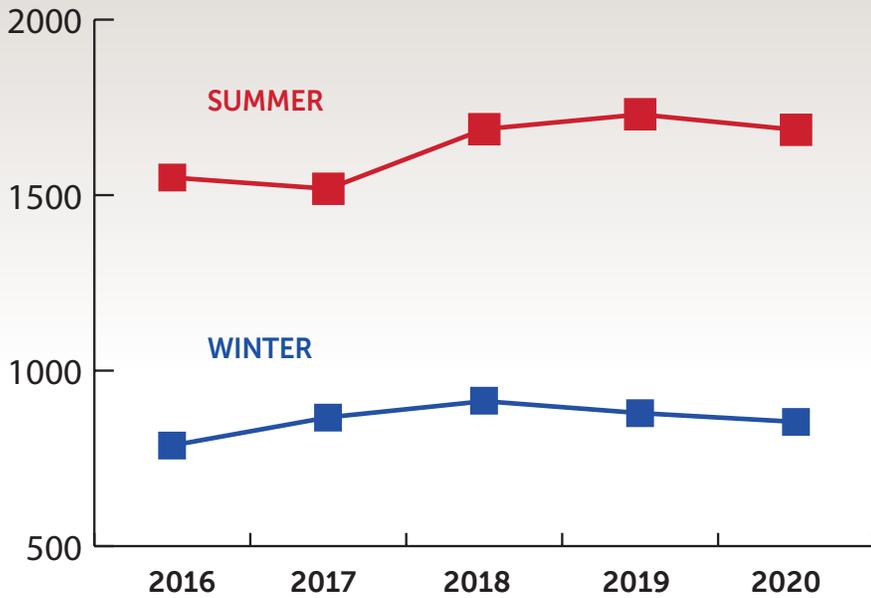
(2) Includes ancillary services for Member load



ENERGY AND FINANCIAL CHARTS

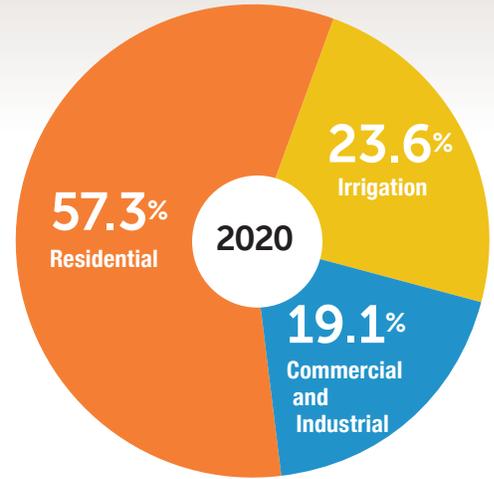
COINCIDENT DEMAND (Megawatts)

Peak loads are affected by weather conditions and general load growth in the Members' service territories. In 2016 and 2017, Members experienced an increase in rainfall, reducing the irrigation load.



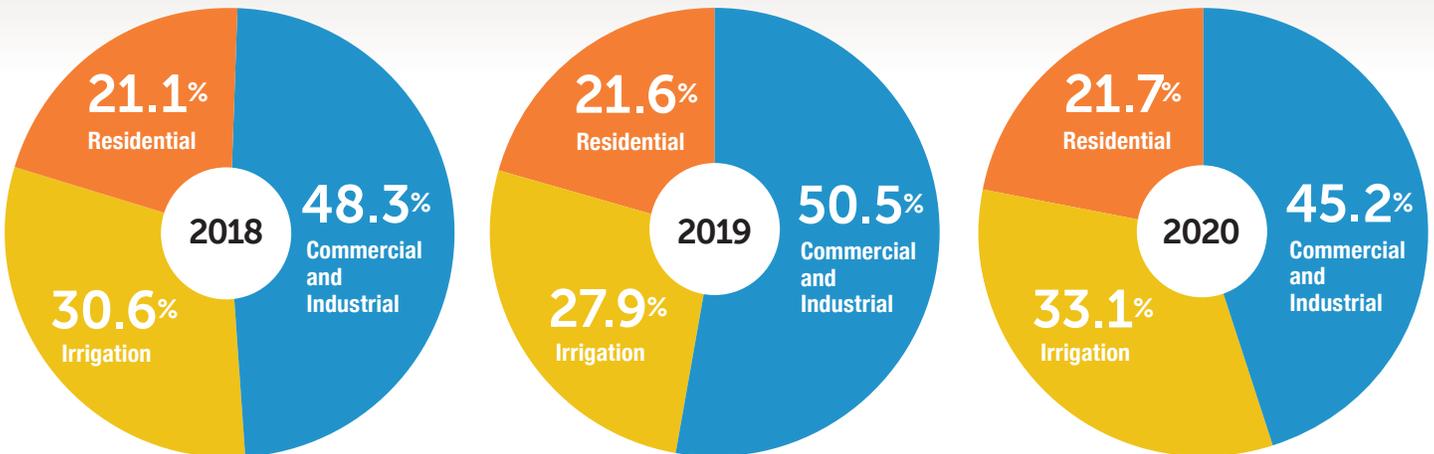
RATE CLASSIFICATION

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



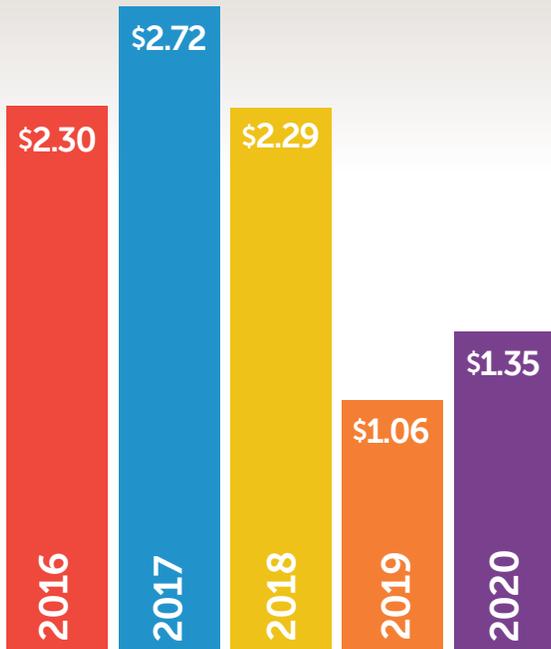
USAGE BY RATE CLASSIFICATION

Weather conditions affect the mix of energy sales by classification – particularly the level of irrigation sales, which generally ranges from 20% to 30% of total sales. Sales mix in the last few years has been stable.



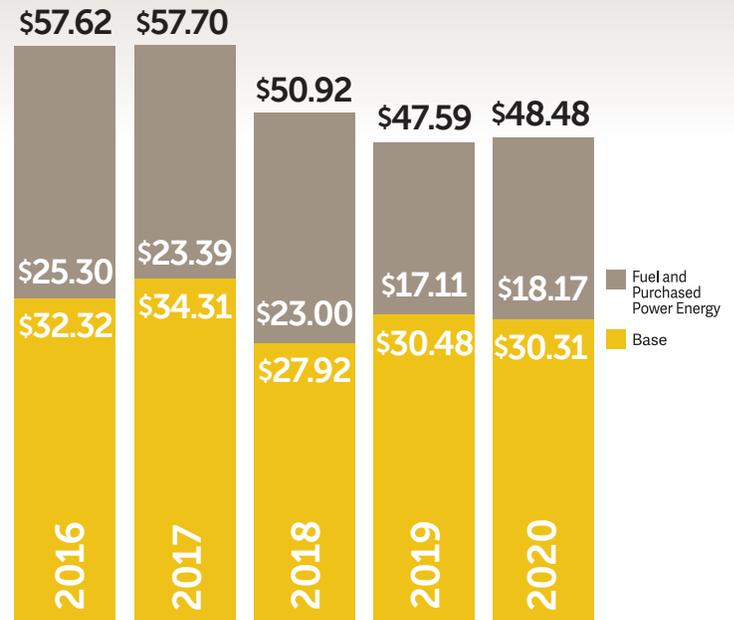
AVERAGE NATURAL GAS COMMODITY PRICE (\$/MMBtu)

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

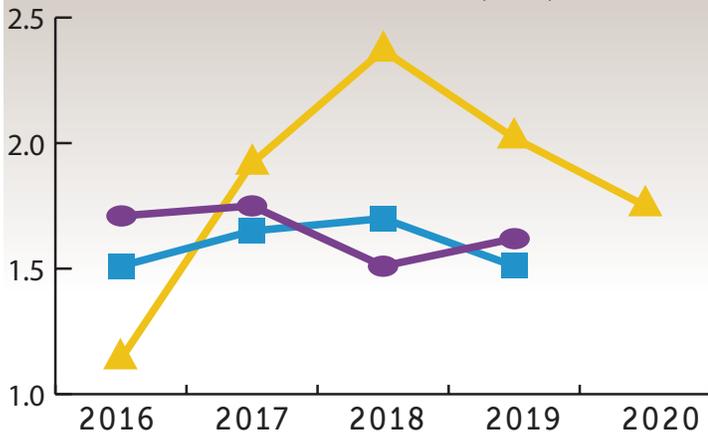


AVERAGE RATE TO MEMBERS (\$/MWh)

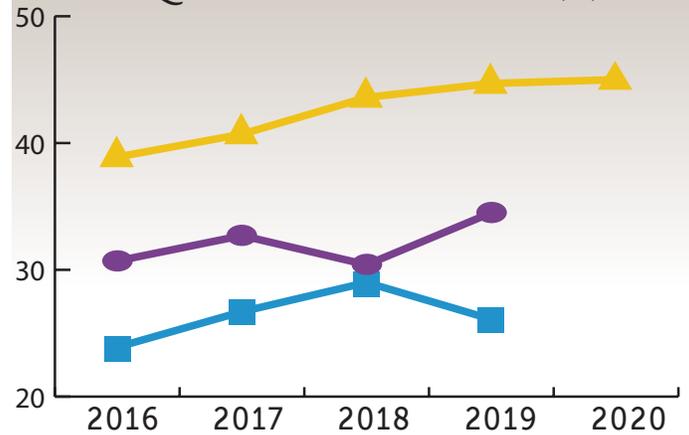
Base rates have ranged from \$27.92/MWh to \$34.31/MWh over the past five years. Fuel and purchased power energy costs ranged from \$17.11/MWh to \$25.30/MWh.



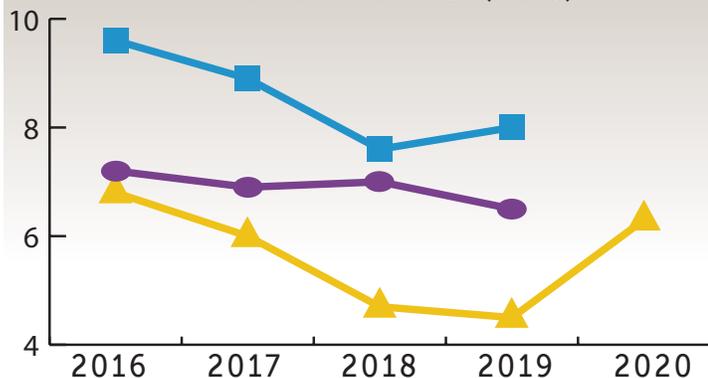
DEBT SERVICE COVERAGE (DSC) RATIO*



EQUITY-TO-CAPITALIZATION (%)*



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



- A+ and above rated G&Ts*
- A rated G&Ts*
- ▲ Golden Spread

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

In July 2020, Fitch reaffirmed its rating for Golden Spread to AA- with a stable outlook.

*Data provided by Fitch Ratings' U.S. Public Power Peer Studies. Amounts for 2020 were not available at time of printing.

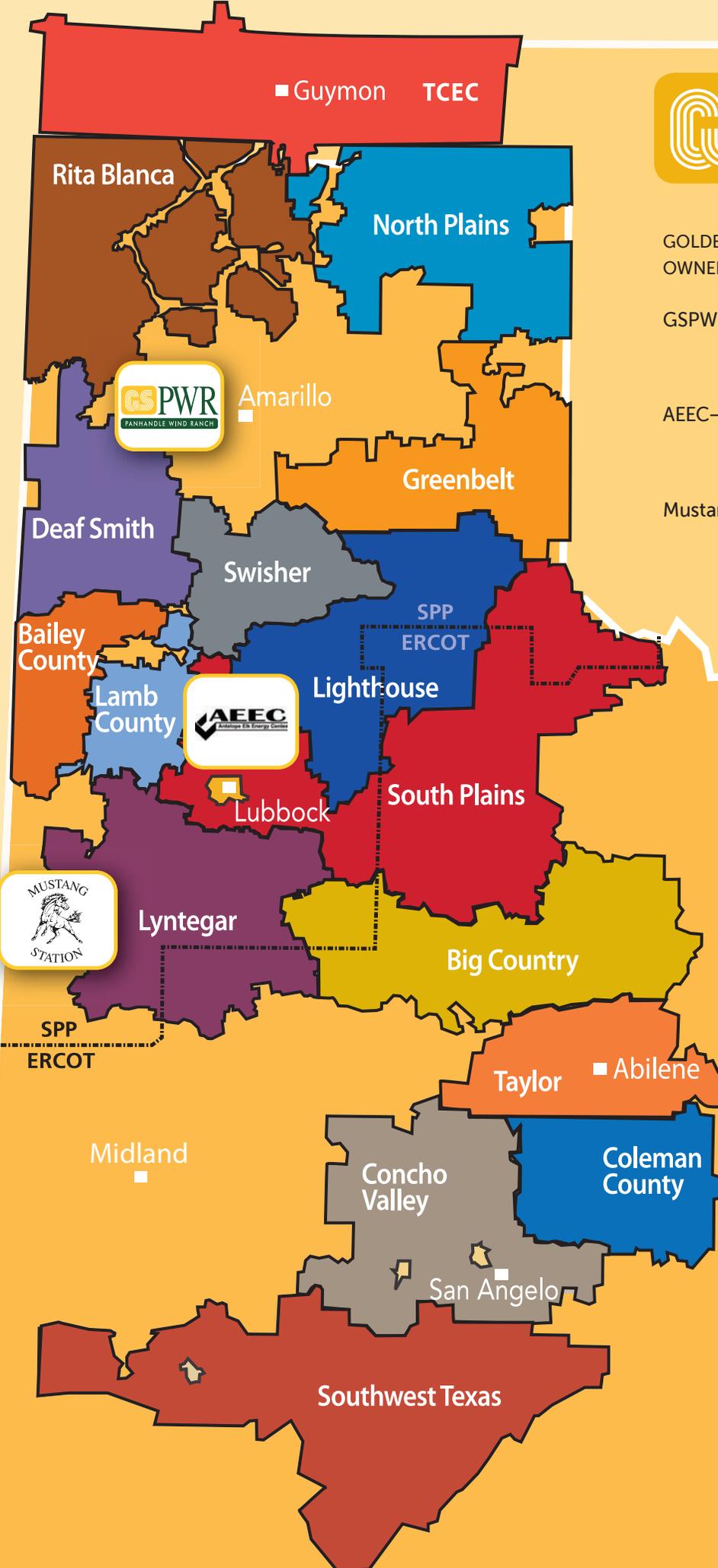
MEMBER COOPERATIVES' INFORMATION

(dollars in thousands)

2020 SUMMARY	BAILEY COUNTY	BIG COUNTRY	COLEMAN COUNTY	CONCHO VALLEY	DEAF SMITH	GREENBELT
Number of Employees	43	61	36	60	54	35
Total Services in Place	9,882	19,281	12,827	19,708	16,913	7,206
Miles of Line	2,932	5,343	3,787	4,364	4,627	2,589
Peak Demand (kW - NCP)	89,292	67,015	44,397	81,094	185,784	39,715
Sales (MWh)	366,121	255,477	168,802	409,885	807,292	216,148
Net Utility Plant	\$ 56,575	\$ 68,818	\$ 19,486	\$ 83,547	\$ 44,028	\$ 38,468
Assets	\$ 95,983	\$ 98,401	\$ 34,014	\$ 116,672	\$ 122,883	\$ 60,359
Margins Plus Equities	\$ 44,541	\$ 53,213	\$ 23,640	\$ 56,625	\$ 101,826	\$ 30,351
Revenues	\$ 32,598	\$ 31,464	\$ 14,289	\$ 37,531	\$ 59,578	\$ 21,205
Cost of Purchased Power	\$ 18,901	\$ 13,565	\$ 8,455	\$ 20,147	\$ 42,709	\$ 12,440
Interest on Long-Term Debt	\$ 1,730	\$ 1,477	\$ 368	\$ 1,937	\$ 34	\$ 1,090
Net Margins	\$ 6,388	\$ 3,999	\$ 2,396	\$ 8,636	\$ 10,352	\$ 3,538
DSC	4.22	3.16	4.09	3.36	44.19	2.90
Equity Ratio (%)	49.42	54.14	69.50	48.53	83.00	50.28

	LAMB COUNTY	LIGHTHOUSE	LYNTEGAR	NORTH PLAINS	RITA BLANCA	SOUTH PLAINS
Number of Employees	40	44	110	54	34	154
Total Services in Place	13,388	11,190	26,499	7,455	9,178	76,823
Miles of Line	3,268	4,602	7,045	3,776	3,404	10,120
Peak Demand (kW - NCP)	96,500	126,247	202,116	106,016	144,582	382,208
Sales (MWh)	371,723	284,123	784,167	372,751	717,098	1,594,072
Net Utility Plant	\$ 44,199	\$ 54,689	\$ 169,173	\$ 70,053	\$ 73,629	\$ 261,904
Assets	\$ 86,936	\$ 96,461	\$ 266,089	\$ 103,499	\$ 112,417	\$ 418,473
Margins Plus Equities	\$ 51,171	\$ 53,672	\$ 139,674	\$ 59,363	\$ 89,790	\$ 204,043
Revenues	\$ 31,131	\$ 29,405	\$ 72,259	\$ 33,212	\$ 48,214	\$ 139,104
Cost of Purchased Power	\$ 19,779	\$ 17,668	\$ 41,857	\$ 20,170	\$ 34,755	\$ 90,817
Interest on Long-Term Debt	\$ 1,270	\$ 1,185	\$ 4,255	\$ 1,203	\$ 373	\$ 6,359
Net Margins	\$ 3,907	\$ 5,252	\$ 10,801	\$ 5,243	\$ 10,072	\$ 19,391
DSC	2.92	3.46	2.58	2.45	17.04	2.51
Equity Ratio (%)	59.28	54.42	52.49	57.30	79.87	48.76

	SOUTHWEST TEXAS	SWISHER	TAYLOR	TCEC	TOTAL
Number of Employees	48	38	89	98	998
Total Services in Place	14,769	9,800	27,798	27,367	310,084
Miles of Line	5,399	3,711	5,027	4,970	74,964
Peak Demand (kW - NCP)	53,809	61,913	113,313	144,468	1,938,469
Sales (MWh)	276,688	204,628	348,115	799,174	7,976,264
Net Utility Plant	\$ 47,508	\$ 37,492	\$ 136,045	\$ 234,698	1,440,312
Assets	\$ 73,391	\$ 69,548	\$ 178,700	\$ 316,924	2,250,750
Margins Plus Equities	\$ 55,018	\$ 39,912	\$ 69,883	\$ 94,788	1,167,510
Revenues	\$ 24,886	\$ 20,292	\$ 46,532	\$ 89,680	731,380
Cost of Purchased Power	\$ 13,105	\$ 12,189	\$ 22,233	\$ 46,339	435,129
Interest on Long-Term Debt	\$ 476	\$ 802	\$ 4,049	\$ 9,005	35,613
Net Margins	\$ 5,416	\$ 1,226	\$ 3,832	\$ 11,517	111,966
DSC	6.32	2.97	1.94	2.18	6.64
Equity Ratio (%)	74.96	58.44	38.50	29.91	56.80



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

Good Riddance 2020



Golden Spread
Electric Cooperative, Inc.

A Touchstone EnergySM Cooperative 

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