

RESILIENCE
POWER

is

Golden Spread Electric Cooperative, Inc.

2021 ANNUAL REPORT

**It's your reaction to adversity,
not adversity itself
that determines how
your life's story will develop.**

THE ROAD TO RESILIENCE

At Golden Spread Electric Cooperative, we have much to be grateful for as we ponder the strength that comes from adversity and reminds us that Resilience Is Power. That resilience – also known as grit – is a direct outcome of the partnership between our 16 Member cooperatives that keeps all our entities strong.

In this year's annual report, we continue spotlighting our Members to learn how they've embraced their resilience and used it to create advancements and new opportunities.



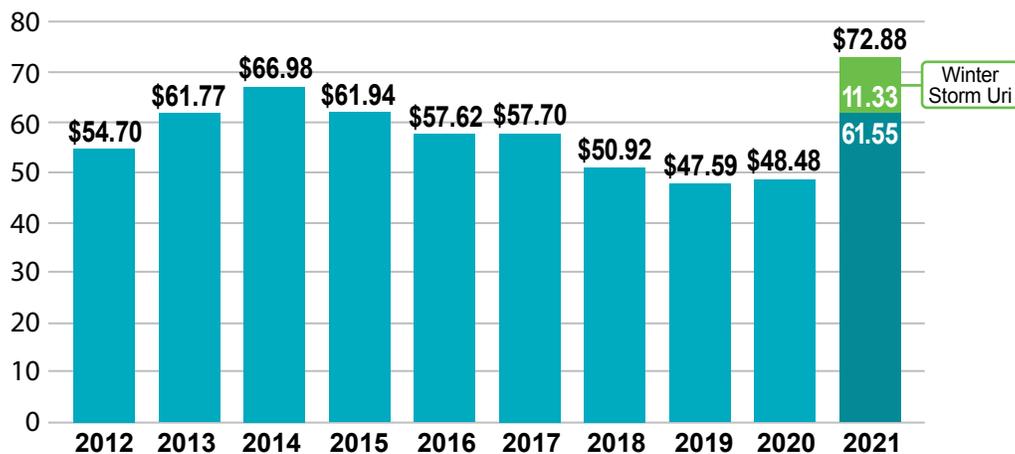
**Join us on a journey
through 2021 for a look
at how our Members
are not only surviving
but thriving.**

Key Data

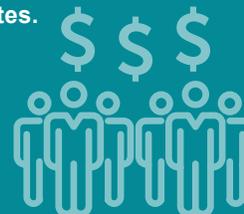
	2021	2020
Condensed Consolidated Income Statement Data		
Operating Revenues	\$ 730,716,814	\$ 413,615,379
Operating Expenses	686,909,354	372,941,118
Operating Margins, Before Fixed Charges	43,807,460	40,674,261
Fixed Charges Before AFUDC	27,424,909	26,055,352
AFUDC on Borrowed Funds	-	-
Non-Operating Margins	(696,606)	1,146,488
Net Margins	15,685,945	15,765,397
Total Assets	1,256,500,036	1,172,932,614
Long-Term Debt	643,826,554	549,416,280
Members' Equity	462,705,356	447,019,411
GSEC Properties - EBITDA	\$ 652,357	\$ 754,605
Financial Ratios		
Total Equity/Total Assets (%)	36.82	38.11
Days Cash on Hand	104	232
Debt Service Coverage (DSC) Ratio	1.75	1.75
Debt/Funds Available for Debt Service	7.08	6.31
Equity/Capitalization (%)	41.66	44.67
Operating Statistics		
Average Sales Price/MWh	\$ 72.88	\$ 48.48
Energy Sales to Members (MWh) - SPP	6,072,522	6,223,750
Energy Sales to Members (MWh) - ERCOT	1,613,708	1,674,145
Energy Sales Pilot Rider C (MWh) - ERCOT	41	937
Energy Sales to Members (MWh) - Total	7,686,272	7,898,832
Member Peak Demand (MW) - SPP	1,383	1,403
Member Peak Demand (MW) - ERCOT	271	283
Member Peak Demand Rider C (MW) - ERCOT	-	-
Member Peak Demand (MW) - Total	1,654	1,686
Gas Purchased (MMBtu)	14,723,714	38,168,504

AVERAGE RATE TO MEMBERS

(in dollars per megawatt hours)



Average rate to Members fluctuates with changes in operating costs, margin requirements and commodity costs. The increase in 2021 is due to natural gas prices, Winter Storm Uri costs and increases in transmission rates.





Golden Spread 2021 President's /



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

If any year could prove the resilience of Golden Spread, 2021 was it. The strength of Golden Spread kept our cooperative financially sound during a year of challenges that some could not withstand.

Winter Storm Uri kicked off 2021, and its effects hit the nation and entire industry hard. We spent more on fuel in five days than we typically do in a whole year. The rotating outages ordered by the Electric Reliability Council of Texas (ERCOT) and the controlled interruptions of service ordered by Southwest Power Pool (SPP) prevented us from maintaining the reliability we expect.

The fact that we're still on solid footing after that turmoil is a testament to the equity built into Golden Spread. The strong leadership of Golden Spread's Board of Directors has provided the foundation to survive historic events like Uri. The overall strategy of spreading costs to all Members kept this storm from disproportionately affecting any single Member. Joining together to mitigate risks and literally weather the storm is the exact essence of partnership that makes up this cooperative.

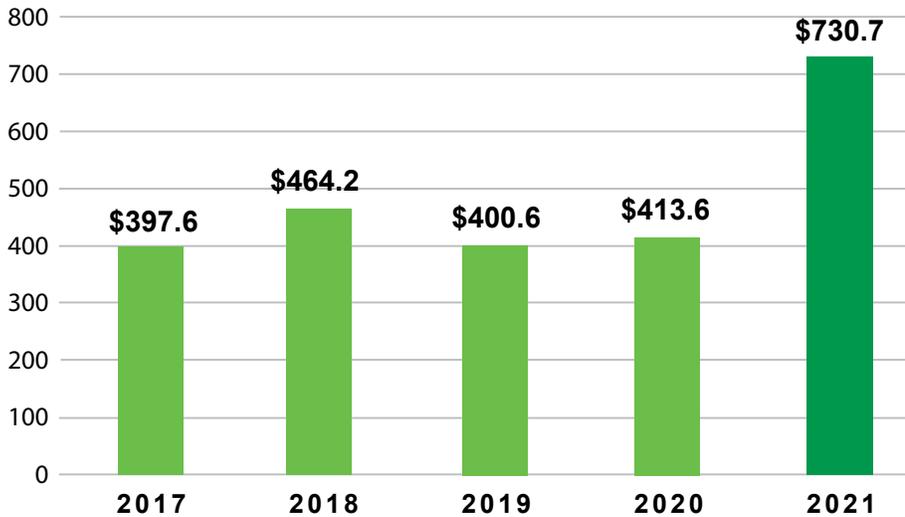
As we moved past Uri, we were faced with some unplanned outages at our plants,

including complex issues at Mustang Station and a manufacturer-related technology issue affecting generators at Elk Station. The Mustang Station steam turbines were down for the entire summer.

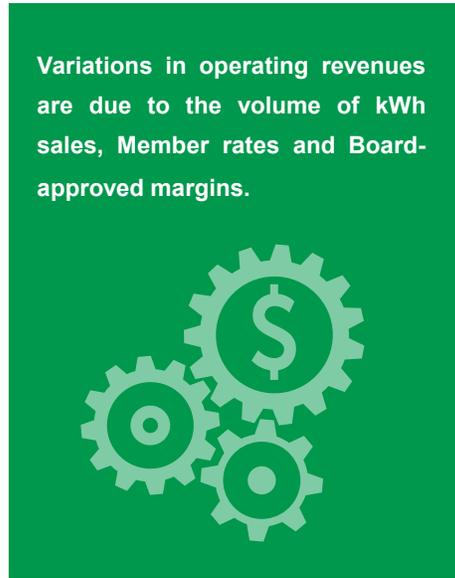
Even in these circumstances, though, Golden Spread's resilience shines through. Our partnership with NRG proved beneficial when they came alongside us to advocate for the manufacturer to address the delays at Mustang Station. Because of the Board's thoughtful preparation, we had a spare unit for Elk Station, providing flexibility for our operations there.

We came to understand the depth and breadth of our resilience, and our Members and staff have risen to every obstacle set before them. From historic weather events to technology obstacles, there has been no shortage of difficulties for our organization and Members in 2021. The power of our resilience is a direct outcome of the strong partnership between our 16 Member cooperatives.

OPERATING REVENUES (in millions of dollars)



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



Chairman's Letter: Resilience Is Power

Despite the issues we faced in 2021, we were able to rely on the strength of Golden Spread and work together to create opportunities. We were more active than ever in the Texas legislative session, as legislators discussed ways to improve the energy industry and prevent future storm-related disruptions. Our employees made substantial contributions to the discussion of bills and fought for our Members' interests on a number of fronts.

Beyond the Legislature, we also grew our influence in the regulated markets, joining additional committees and task forces in both ERCOT and SPP. We continue to find ways to improve reliability, including instituting a monthly drill run by our new Transmission Operations Center to practice what would happen in an emergency.

Our compliance practices have matured and developed even further with the help of our ACES partner and their learning management system. Additionally, we found ways to further strengthen our

cybersecurity posture in coordination with NRG's Enhanced Cybersecurity Program and the GridEx cybersecurity drill.

More than ever before, 2021 proved to us that the Golden Spread model of cooperation among cooperatives adds exponential strength and resilience. These 16 distribution cooperatives are able to work together to use their collective power to make beneficial industry changes. We continue to be thankful for the Board's direction during this challenging time, knowing that their able leadership has kept and will keep Golden Spread on track for future success.

With a true understanding that Resilience Is Power, we face 2022 with confidence.

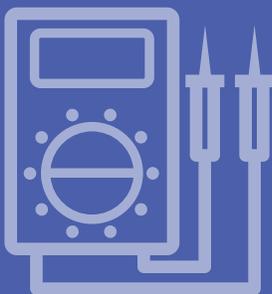

Kari Hollandsworth
President and Chief Executive Officer


Kelly Lankford
Board Chairman

KELLY LANKFORD

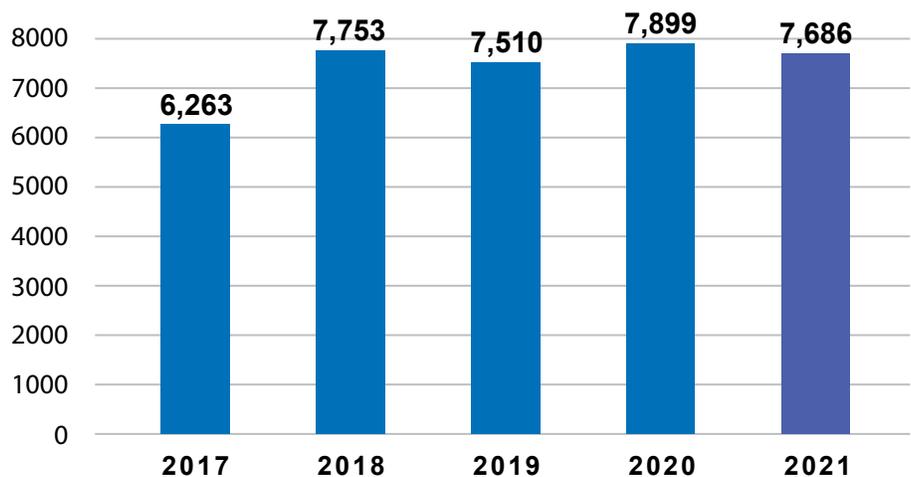
Kelly Lankford was elected Chairman and President of the Golden Spread Board of Directors on July 14, 2021. Lankford is the Executive Vice President and Chief Executive Officer of Concho Valley Electric Cooperative. Lankford has served on the Golden Spread Board since 2008 and most recently served as Secretary and Treasurer. His committee service has included Audit, Government Relations and Services, as well as the Executive Committee. In addition, Lankford currently serves as Vice Chair of the Board of Directors of Texas Electric Cooperatives.

Fluctuations in kWh sales to Members are generally caused by weather conditions, oil and gas production and agriculture activity.



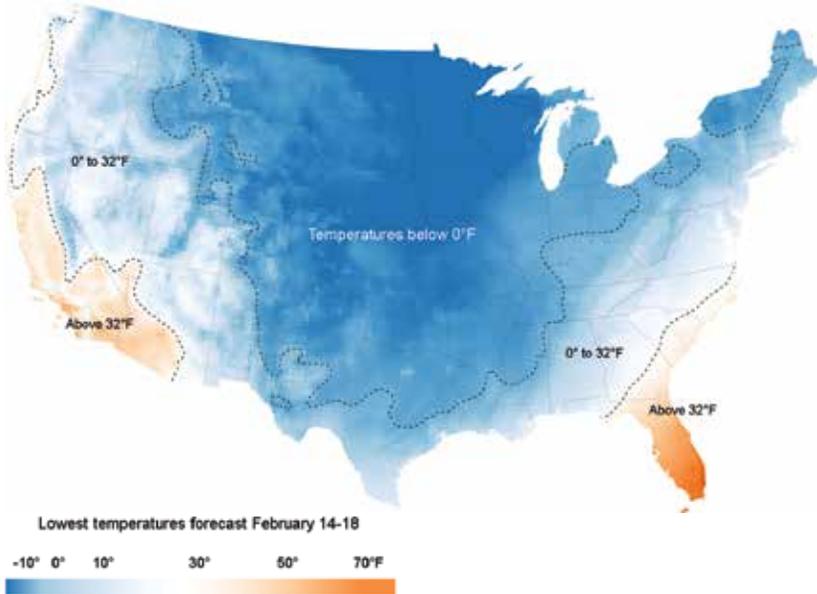
SALES TO MEMBERS

(in millions of kilowatt hours)

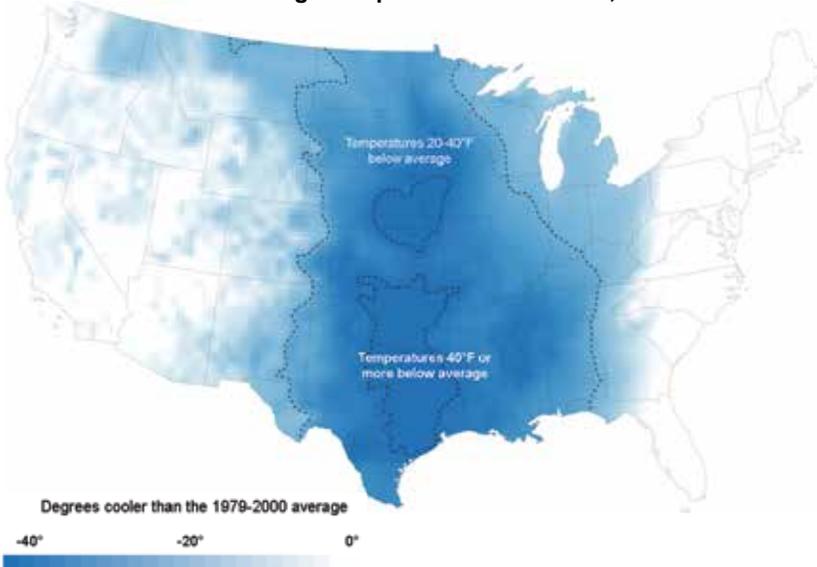


Winter Storm Uri Brings Extreme Disruption

Lowest Forecast Temperatures Feb. 14-18, 2021



Below Average Temperatures on Feb. 16, 2021



Source: National Weather Service, Global Forecast System

In February 2021, Winter Storm Uri wreaked havoc across Golden Spread’s territory and caused loss of life and property damage across the country. The storm brought temperatures well below freezing and winter precipitation across the central United States and deep into Texas. This weather pattern disrupted the natural gas and power markets that depend on natural gas as a critical fuel supply.

After the storm, many people wondered why Uri had such an extreme impact on the power industry. This was not the first time the region had experienced cold weather, but weather had never before disrupted the market in this way. During Uri, 46,000 MW of generation capacity – 56 percent of total capacity – was offline in the Electric Reliability Council of Texas (ERCOT). The storm’s effects also lasted longer than previous winter storm disruptions, pushing prices up for a six-day period.

Golden Spread staff worked tirelessly to provide power to the markets and continually coordinate reliability efforts throughout the storm with both markets. As the storm began to set in, Golden Spread purchased natural gas, despite the exorbitant prices. In fact, Golden Spread’s February 2021 natural gas expense was roughly equal to our natural gas expense from July 2017 to December 2020. This incredible fuel expense caused Golden Spread to draw down credit reserves and forced us to secure additional lines of credit from our local and cooperative bank partners.

On the power purchase side, Golden Spread’s load cost in February 2021 was nearly equal to the cost of all load from November 2018 to December 2020.

Golden Spread’s generators were able to hedge our exposure to high power prices sporadically throughout the event when we were able to acquire natural gas and operate. The Golden Spread generation plants did not experience any freezing issues during the storm. Golden Spread had firm natural gas transportation arrangements in place, however, our pipeline system invoked force majeure on the morning of February 15. This pipeline action and a general lack of supply of natural gas led to several Golden Spread units being shut down.

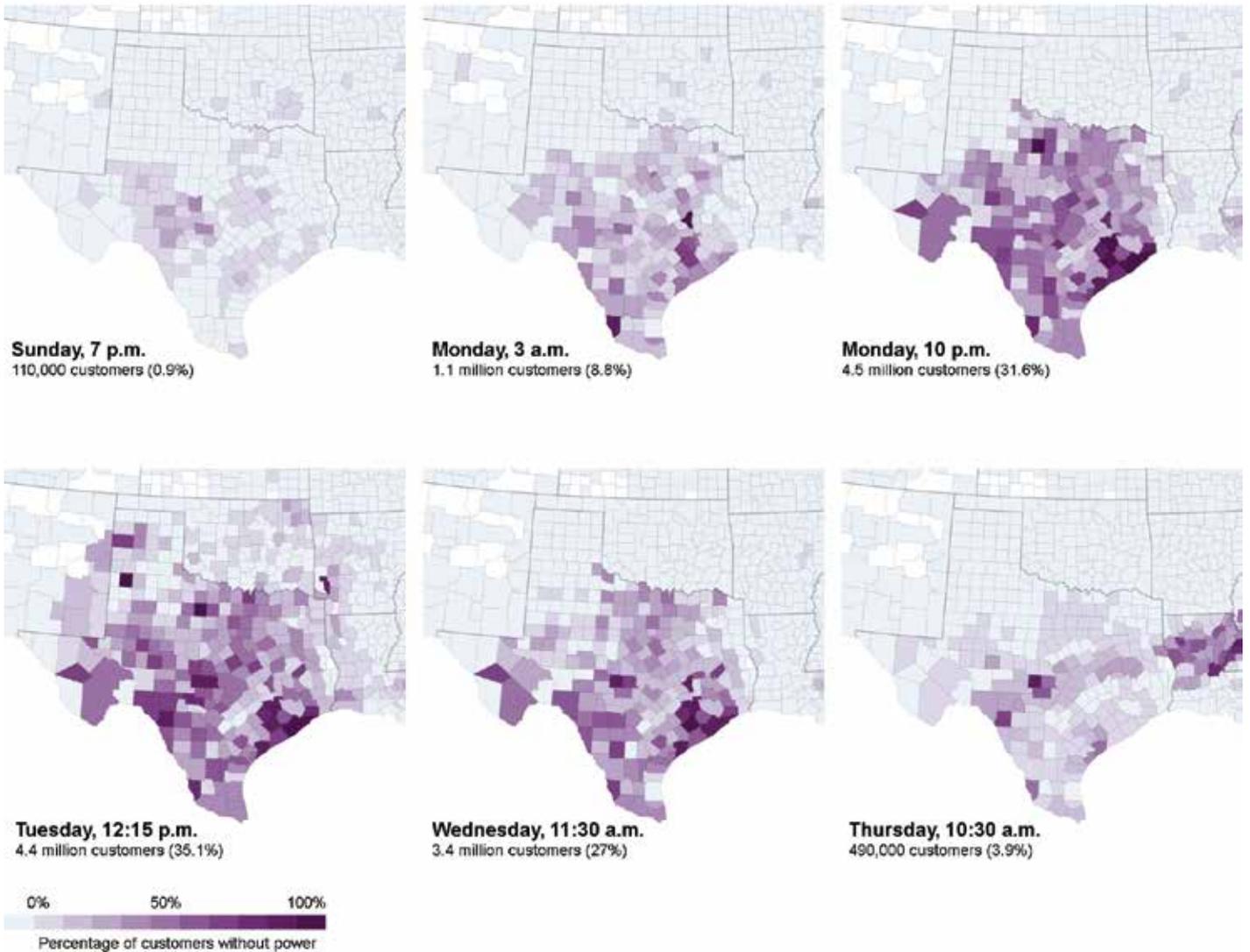
Our legal and compliance team played an important role in managing through the event and its aftermath. First, legal and compliance provided real time advice to market operations and finance during the event to ensure compliance with market rules, as well as the Federal Energy Regulatory Commission, North American Reliability Corporation and Public Utility Commission of Texas (PUCT) requirements, while attempting to maximize the efficient use of Golden Spread's resources. The

team also facilitated communications with executive personnel of ERCOT, the Southwest Power Pool and the PUCT to improve coordination during the event, including coordination between the markets regarding the dispatch of Golden Spread's grid-switching units at Antelope Elk Energy Center.

Winter Storm Uri was catastrophic for many in Golden Spread's territory, and recovery from the storm's effects will

take years. Golden Spread is working with the Texas Legislature and regulators to manage the resulting high rates. While Golden Spread is a small player in a big market, Golden Spread commits to explore all reasonable options to support improvements to the industry in advance of future extreme weather events.

POWER OUTAGES IN TEXAS
From Sunday, Feb. 14 to Thursday, Feb. 18, 2021



Source: PowerOutage.us

Figures reflect outages in Texas and exclude neighboring states.

Generation Updates

MUSTANG STATION OUTAGE WORK IN 2021

Mustang Station had a planned outage during the fall of 2021 to replace the rotor and a generator field and rebuild the steam turbines to the high-pressure and medium/low-pressure rotors. Golden Spread also added new combustion hardware and upgraded the gas turbine distributed control systems.

The gas turbine and generator work replaced equipment that was originally installed in 1999 and had reached end of life. The steam turbine work repaired damage that occurred during operation over the last six years.

With these upgrades and replacement of obsolete equipment, the Mustang combined-cycle plant is expected to continue providing years of reliable service for our Members.





ELK GAS TURBINE COMPRESSOR ISSUES

All three gas turbines at Golden Spread's Elk Station experienced a failure of the t-fairing on the first- and second-stage compressor wheels within the compressor section of the gas turbine in March 2021. These parts caused significant damage.

The entire rotor on two units had to be replaced. Golden Spread was able to bring a spare gas turbine out of storage to be able to get a third unit operable by mid-June, in time for most of the 2021 summer peak. The other two units returned to service in July and August.



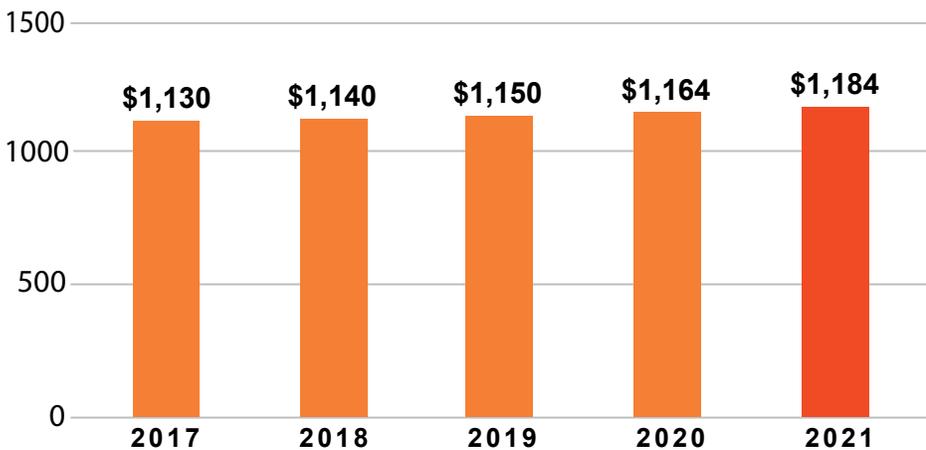
MINCO III

Golden Spread renegotiated its contract with NextEra Energy for the energy output of Minco III, a wind farm in central Oklahoma. The new contract brings significant savings to our Members.



INVESTMENT TO UTILITY PLANT IN SERVICE

(in millions of dollars)



Golden Spread primarily owns and operates a fleet of gas generators to meet our Members' energy needs.



Credit Ratings Indicate Strength Despite Adversity

Golden Spread remains financially strong despite the increased cost from the 2021 winter storm. The most recently issued credit ratings are highlighted in the chart on this page.

In February 2022, Moody's Investors Service (Moody's) reaffirmed Golden Spread's A2 issuer rating, stating that the rating is stable due to the sound key financial metrics and good attention to liquidity as demonstrated during and after the severe Winter Storm Uri in February 2021.

In September 2021, Standard & Poor's Financial Services (S&P) reaffirmed Golden Spread's A+ rating and removed Golden Spread from CreditWatch because of the positive actions that Golden Spread took in the aftermath of Winter Storm Uri.

In July 2021, Fitch Ratings (Fitch) reaffirmed Golden Spread's AA- rating with a stable outlook.

CREDIT RATING BY AGENCY, LONG-TERM

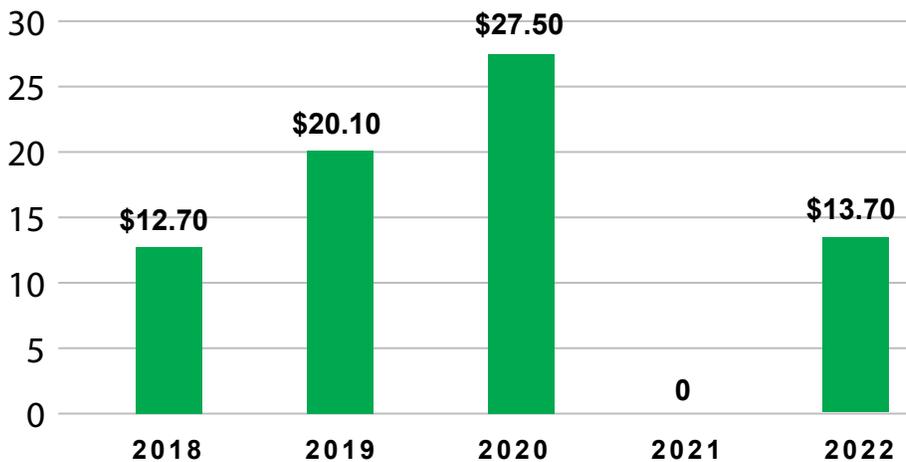
MOODY'S	S&P	FITCH	
Aaa	AAA	AAA	Prime
Aa1	AA+	AA+	High Grade
Aa2	AA	AA	
Aa3	AA-	AA-	
A1	A+	A+	Upper Medium Grade
A2	A	A	
A3	A-	A-	
Baa1	BBB+	BBB+	Lower Medium Grade
Baa2	BBB	BBB	
Baa3	BBB-	BBB-	
Ba1	BB+	BB+	Non-investment Grade Speculative
Ba2	BB	BB	
Ba3	BB-	BB-	
B1	B+	B+	High Speculative
B2	B	B	
B3	B-	B-	
Caa1	CCC+	CCC	Substantial Risk
Caa2	CCC		Extremely Speculative
Caa3	CCC-		Default Imminent with Little Prospect for Recovery
Ca	CC	CC	In Default
C	C	C	
/	D	D	
/			

Highlighted cells indicate Golden Spread's credit rating at year-end 2021.

WOLFSTREET.com

PATRONAGE AND CONTRIBUTED CAPITAL DISTRIBUTIONS

(in millions of dollars)



Golden Spread's Board of Directors restored the payment of patronage capital in 2022 after pausing in 2021 to minimize the adverse impacts of Winter Storm Uri.



Transmission Operations Center: Culmination of Multi-Year Project

Golden Spread's Transmission Operations Center (T.O.C.) opened in Summer 2021 to meet transmission requirements in the Electric Reliability Council of Texas (ERCOT). Establishing the T.O.C. was a multi-year project completed through focus and tenacity in a year with many organizational challenges. It is the first step in providing 24-hour communications to Golden Spread Members operating in ERCOT.

Since beginning operations, the T.O.C. has performed several drills and exercises to ensure reliable operations. The drills and exercises provide assurance the T.O.C. and its staff are well prepared in case an ERCOT load shed event occurs or the Backup Operations Center is needed.



Golden Spread is engaged in regulatory proceedings to seek cost recovery for the facility and transmission operations expenses as allowed by ERCOT rules.

RESILIENCE at Big Country Electric Cooperative



Paul Jones, left, Vice President of Operations at Big Country Electric Cooperative, discusses the location of the Cooperative's four substations currently under construction with Key Accounts Executive Sarah McLen and CEO Mark McClain.

Big Country Electric Cooperative has become more resilient as it questions the way things have always been done and works through the fear of doing things differently.

A leadership development plan is now in place to prepare employees for succession into more active leadership roles and to grow the Cooperative's own staff replacements. Office technology is now in place to allow for almost seamless remote work flexibility.

Communication efforts are ramped up both internally and externally. Emphasis is on thinking more critically about the messaging shared with members and employees, including much more education and background information to help explain complicated issues on a broader scale.

The oilfield is booming in Big Country's territory, so four substations are being built to serve new loads, improve reliability, and refeed options for existing members across the system.



Cybersecurity Efforts Continue To Protect

RANSOMWARE RESPONSE PLAN

With the increasing threat of ransomware, the Golden Spread information technology (IT) team worked with third-party vendors to strengthen the plan that allows the IT team to react quickly to ransomware attacks.

Departments throughout Golden Spread reviewed critical needs and determined how to continue operations in the event of a ransomware threat by prioritizing the restoration of systems and ensuring critical data remains available.

NRG ENERGY ENHANCES CYBERSECURITY PROGRAM

In coordination with NRG Energy, the IT department has enhanced the cybersecurity efforts at Golden Spread's

generation facilities. Although NRG has always included cybersecurity in its programs, the most recent contract created the opportunity for Golden Spread and NRG to work together on cybersecurity efforts.

The new contract includes an enhanced cybersecurity program to include monitoring and communication that provides Golden Spread with a more thorough view of cybersecurity across its generation facilities. With the enhanced cybersecurity program, Golden Spread has gained a closer relationship with NRG teams to communicate upcoming network and security improvements and establish points of contact for potential threats and steps for mitigation.

GRIDEX VI 2021

Golden Spread, 10 Members and third-party vendors worked together both

in person and virtually in November 2021 to exercise incident, emergency and communications response plans in the GridEx VI 2021 tabletop exercise, hosted by the North American Electric Reliability Corporation (NERC) Electricity Information Sharing and Analysis Center.

The GridEx exercise occurs every two years, and this was Golden Spread's third time to participate.

During the exercise, scenario events or messages are presented to participants to discuss incident, emergency and communication response plans in a controlled environment. Teams identify lessons learned to enhance or develop response plans. Golden Spread and its participating Members identified gaps during the 2021 exercise and will work on improvements over the next year.

RESILIENCE at TCEC



The newly formed Leadership Team at TCEC began meeting in November 2021.

As record numbers of employees are leaving jobs across the nation in what is commonly called "The Great Resignation", TCEC started initiatives to increase employee engagement and leadership development.

A new position – chief leadership officer – was created through an organizational alignment, recognizing that member engagement happens when employees are informed and engaged first.

The realignment also identified a group of employees to participate in the newly formed Leadership Team. Their responsibility includes assisting the executive team in executing the strategy, while advancing communication among all employees.



Data Center-Driven Load Growth

Cryptocurrency, such as Bitcoin, is produced digitally using a computer system for data processing. The entities that manage this process are referred to as “miners,” and the digital processing or “data mining” takes place in data centers that require a great deal of electricity for the data mining process.

For Golden Spread Members, cryptocurrency may mean significant new load. Data center operators often seek installation near a renewable resource, such as a wind farm, to capture benefits from otherwise potentially curtailed energy. The territories’ abundant

renewable resources, paired with grid electricity, will help digital processors reach the goal of computing 95 percent of the time.

Golden Spread Members serve numerous renewable energy projects and, in fact, are currently working on more than 20 requests for large data center loads. Golden Spread is working diligently with its Members and market entities to understand and establish new rules and to assist in the development process associated with these new loads. The Members of Golden Spread are well positioned to benefit from these loads.

MARKET OPERATIONS TEAM DEMONSTRATES COOPERATION AMONG COOPERATIVES

Golden Spread’s Market Operations team received the Most Collaborative Award at the Adapt2 Solutions annual conference in August 2021. Adapt2 Solutions is a leading provider of artificial intelligence-enabled multi-market operations and trading software. The Golden Spread team is recognized as an Adapt2 advocate for leveraging the latest technologies – artificial intelligence, big data and analytics – to modernize the energy industry and for its willingness to share its experience with other users of the software. The annual conference focused on how Adapt2 clients are excelling at renewable integration using the company’s technology.



NERC Compliance Audit

As part of its system-scheduled audit, Golden Spread was notified in August 2021 that it would be audited by the Midwest Reliability Organization (MRO), an entity that monitors and enforces reliability standards of the North American Electric Reliability Corporation (NERC).

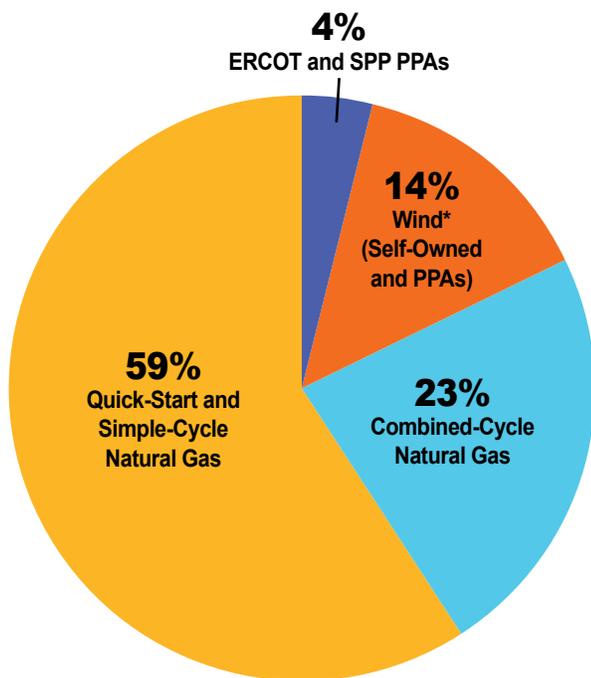
Staff across several departments prepared for the audit by reviewing all applicable standards and requirements and all NERC-related procedures. ACES assisted Golden Spread in the review of the large amount of documentation, and NRG Energy assisted with the preparation of audit documentation and with subject matter expertise.

The audit included seven standards and 11 requirements and lasted several months, concluding shortly before year-end. Overall results of the audit were favorable. MRO complimented Golden Spread on its positive culture of compliance, professionalism and transparency throughout the audit process. The Golden Spread and NRG subject matter experts were praised for their communication of the technical information and successful management of the volume and intensity of the audit team's requests.

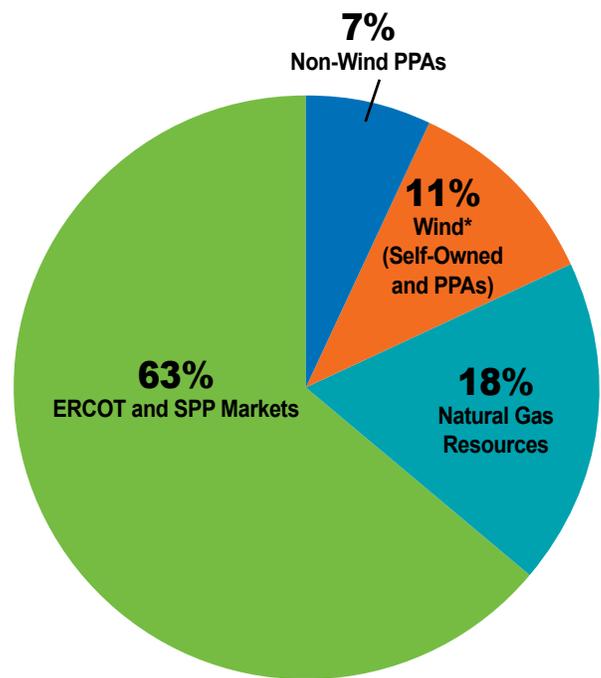
We received the final audit report in early 2022. Lessons learned and recommendations from the audit are being reviewed and implemented promptly.

CURRENT RESOURCE OPERATION

2021 Power Supply Resources



Energy Sources Used to Meet 2021 Member Requirements



PPAs are power purchase agreements.

* Golden Spread does not retain the environmental attributes associated with wind.

CASH LIQUIDITY

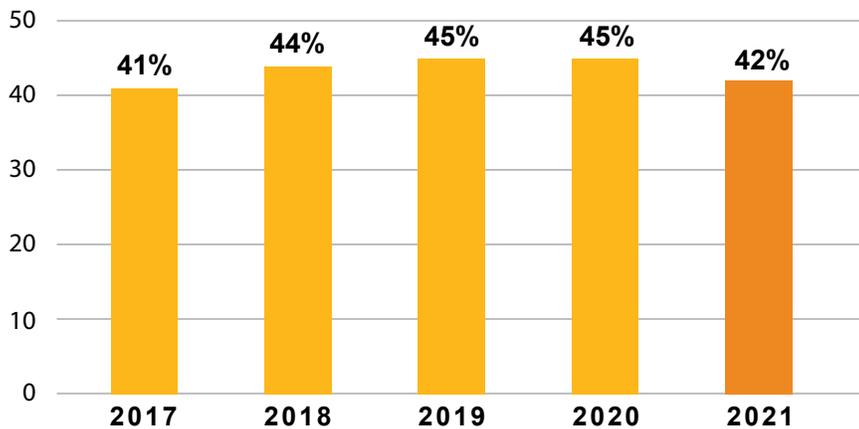
(in millions of dollars)



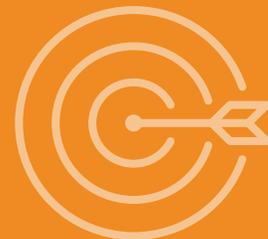
Cash and cash equivalents fluctuate based on the cash liquidity needed to fund capital expenditures, operations and rate stabilization. Golden Spread targets cash balances of at least 90 days cash operating expenses at all times.



EQUITY/CAPITALIZATION

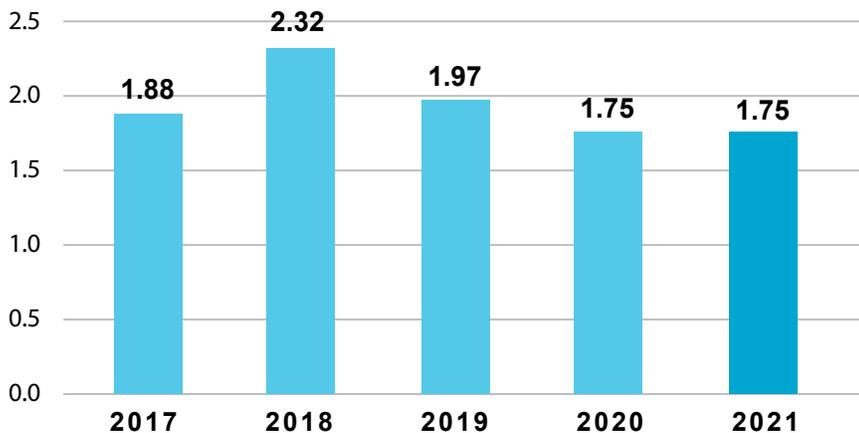


Golden Spread maintains a solid equity/total capitalization ratio to minimize coverage requirements to our Members.



DEBT SERVICE COVERAGE

(DSC) ratio



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





BOARD OF

BAILEY COUNTY ELECTRIC COOPERATIVE



KEITH HICKS



DAVID MARRICLE



DANNY HELMS



MARK MCCLAIN

COLEMAN COUNTY ELECTRIC COOPERATIVE



BOB FUCHS



SYNDA SMITH



JEFF COPELAND



KELLY LANKFORD

CONCHO VALLEY ELECTRIC COOPERATIVE

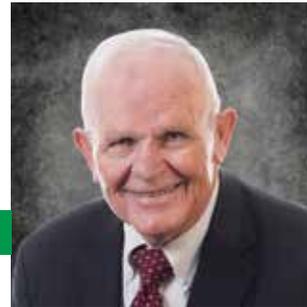
DEAF SMITH ELECTRIC COOPERATIVE



VICK CHRISTIAN



TIM BURKHALTER



JAMES BATTON



RANDY WHITE

GREENBELT ELECTRIC COOPERATIVE

LAMB COUNTY ELECTRIC COOPERATIVE



KEVIN HUMPHREYS



BLAKE MOORE



MARK APPLING



ALBERT DANIEL

LIGHTHOUSE ELECTRIC COOPERATIVE

DIRECTORS

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



PAT JACKSON



WILLIAM "BUFF" WHITTEN

SWISHER ELECTRIC COOPERATIVE



DWAIN STRANGE



DWAIN TIPTON

TAYLOR ELECTRIC COOPERATIVE



CECIL DAVIS



RYAN BARTLETT

TCEC



SHAWN MARTINEZ



ZAC PERKINS

Executive Team



JAMES GUY ASSUMES GENERAL COUNSEL ROLE

James Guy has joined Golden Spread as Chief Legal and Compliance Officer and General Counsel, following the retirement of Bill Harrelson.

Guy grew up in southern Alabama and West Texas. He graduated from Texas A&M University with a degree in mechanical engineering and later graduated from The University of Texas School of Law. In addition to his work as a lawyer, he enjoys discipling youth in extra-curricular activities. He and his wife, Catherine, have six children and moved to Amarillo from Rockne, Texas.

In his law practice, Guy has counseled energy clients on a broad range of matters,

including litigation, regulatory compliance and enforcement, policymaking and due diligence for project development and business transactions. He served utilities, power marketers, energy managers, retail electric providers, power generation companies and energy storage providers, as well as project developers and end-use customers.

Previous positions include Partner-in-Charge of the Austin office of Eversheds Sutherland's Energy Group and Associate with Fulbright & Jaworski (now Norton Rose Fulbright) in the Environmental Section. Among numerous recognitions, The Best Lawyers in America named Guy "2020 Lawyer of the Year" in energy regulatory law.



BILL HARRELSON RETIRES AS GENERAL COUNSEL

Bill Harrelson retired from Golden Spread in January 2022. He joined Golden Spread in 2012 as Associate General Counsel and subsequently was named Chief Legal and Compliance Officer and General Counsel.

Among his many accomplishments at Golden Spread, Harrelson navigated complex regulatory matters related to grid switching that allows Golden Spread to provide power generated at Antelope Elk Energy Center to both the Electric Reliability Council of Texas and the Southwest Power Pool. Harrelson also was responsible for major advancements in the maturity of Golden Spread's compliance function.

His 40+ years of legal experience included positions as General Counsel of the

Missouri Public Service Commission and Senior Counsel for the Western Division of telecommunications giant MCI. In private practice, Harrelson handled regulatory, court and appellate proceedings for several corporate clients and was Senior Counsel for Gulf States Utilities (now Entergy Texas). Harrelson earned a law degree from the University of Missouri-Columbia School of Law.

Golden Spread President and CEO Kari Hollandsworth said, "Bill made a huge contribution to our organization, taking on an expansive portfolio of responsibilities. We will miss his collegial nature and diligent work ethic."



KARI HOLLANDSWORTH
President and
Chief Executive Officer



JOHN EICHELMANN
Vice President, Member Services
and Power Delivery



MATT MOORE
Vice President, Commercial and
Asset Operations



MATT LOWE
Chief Financial and Risk Officer



JAMES GUY
General Counsel, Chief Legal and
Compliance Officer



RESILIENCE

at Greenbelt Electric Cooperative

PASSING THE TORCH

After a long and good run of 36 years as General Manager of Greenbelt Electric Cooperative, Stan McClendon, left, has retired. The Board chose to hire Randy White as General Manager due to his tenure and experience, maintaining continuity and familiarity for employees and members. He joined Greenbelt Electric in 2001 and is the fifth General Manager in its history.

In Gratitude / In Remembrance

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 – two from each of the 16 Member Cooperatives. Their service and vision are a key factor in our success. Our deepest appreciation goes to three outstanding Board Members who recently completed their service.



BOYD MCCAMISH

Boyd McCamish joined the Golden Spread Board on August 10, 2012 and served until July 31, 2021. During his time on the Board, he was a member of the Rate and Wholesale Power Contract and Services Committees.

Also, in July 2021, Mr. McCamish retired from his position as General Manager and CEO of Lamb County Electric Cooperative in Littlefield, Texas.

Mr. McCamish was a dedicated Board Member who made a meaningful contribution to Golden Spread's success.



STEVE WILLIAMS

Steve Williams was elected to the Golden Spread Board on November 12, 2003, and continued his service until September 9, 2021. During his time on the Golden Spread Board, Mr. Williams was a member of the Farm Management, Government Relations, Legislative and Risk, Asset Operations & Finance Committees.

He also served as Chairman of Southwest Texas Electric Cooperative in Eldorado, Texas.

Mr. Williams contributed significantly to the development and success of Golden Spread. We are thankful for his vision, time and commitment over the years.



STAN MCCLENDON

Stan McClendon admirably served 36 years on the Golden Spread Board from June 12, 1985, to December 8, 2021. He was Chairman of the Board for nine years. During his lengthy service, Mr. McClendon was a member of the Performance/Salary Review, Golden Spread Political Action Committee, Policy Review, Legislative, Executive, Audit and Search Committees.

Mr. McClendon also served as General Manager of Greenbelt Electric Cooperative

in Wellington, Texas, for almost 37 years before retiring on January 3, 2022.

The experience Mr. McClendon brought to Golden Spread's formative years and his steady leadership as Chairman have been instrumental to our success. We are grateful for his vision, commitment and good humor.

/ Staff Retirements

In Remembrance



Staff Retirements



DICK BAKER

Dick Baker, SCADA Technician II, joined Golden Spread in April 2009, and retired in May 2021. Prior to joining the staff, Mr. Baker was employed by C.H. Guernsey serving as a contract engineer for Golden Spread. During that time, he designed and installed a supervisory control and data acquisition (SCADA) system for the original 11 Members of Golden Spread. Mr. Baker graduated from Tulsa Vo-Tech and attended Oklahoma State University.



JIM STEWARD

We honor the life of Jim Steward, a Golden Spread Board Member from 2003 to 2013. Mr. Steward was a resident of Levelland, Texas, and served on the Lamb County Electric Cooperative Board from 1992 to 2014. He was a graduate of Abilene Christian University and served his country in the U.S. Army.

Golden Spread is grateful for Mr. Steward's dedicated and lengthy service to both Cooperatives.



LARRY HODGES

We celebrate the life of Larry Hodges of Forgan, Oklahoma. Mr. Hodges served on the TCEC Board for 50 years – from 1968 to 2018. He also served on the Golden Spread Board for 30 years – from 1985 to 2015. Mr. Hodges attended Panhandle A&M College. He was a farmer and rancher who loved raising and training quarter horses.

Golden Spread expresses gratitude for Mr. Hodges' many years of service to the Cooperatives.



CASSIE WILLIAMS

Cassie Williams, Manager of Enterprise Compliance, retired in 2021 after almost 11 years of service to Golden Spread. She provided leadership in the development and implementation of an Enterprise Ethics and Compliance program to ensure Golden Spread complied with applicable laws, regulations, policies and procedures and the Code of Conduct. Ms. Williams is a graduate of Wayland Baptist University.

New Scholarship Honors Former Golden Spread President

2021 Recipients



LOGAN MOORE
Southwest Texas Electric Cooperative



ROWDY DUNCAN
Greenbelt Electric Cooperative

The first recipients of the Mark W. Schwirtz Employee Memorial Scholarship were awarded in 2021. They are Logan Moore, daughter of Southwest Texas Electric Cooperative employee Ashley Moore and her husband Brent Moore, and Rowdy Duncan, son of Greenbelt Electric Cooperative employee Janie Duncan and her husband Brent Duncan.

The 2022 scholarship recipients are Lylyana Castro, daughter of Bailey County Electric Cooperative employee Mary Castro and her husband Yoni Castro, and Creighton Killian, son of Greenbelt Electric Cooperative employee Jonathan Killian and his wife Sandie Killian.

2022 Recipients



CREIGHTON KILLIAN
Greenbelt Electric Cooperative

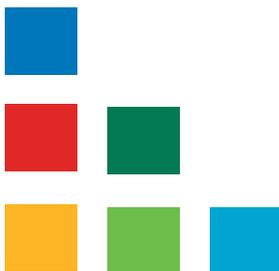


LYLYANA CASTRO
Bailey County Electric Cooperative

Each student received a \$1,000 scholarship to further their college education.

The Scholarship was founded in 2021 by the Golden Spread Board of Directors to honor the service of the late Mark Schwirtz, former Golden Spread President and CEO. The Board approved an initial contribution of \$10,000, and CoBank matched the donation. Golden Spread Members' Boards and numerous individuals also contributed, bringing the fund balance to \$37,000 by July 1, 2021.

Eligible applicants must a) Be an employee or Director of Golden Spread or one of its Members, or b) Have a parent or guardian who is an employee or Director of Golden Spread or one of its Members. Details about eligibility and other requirements for this needs-based scholarship are available at gsec.coop under the Community tab. Applications are due on March 1 of each year and awarded for the following school year.



Directors' Memorial Scholarship

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

The scholarships are designated for families who are Member-Consumers of one of Golden Spread's 16 Member Cooperatives. More specifically, 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 2022. More than \$144,000 in scholarship funds have been disbursed to 120 recipients since the first scholarship was awarded in 1995. As of March 1, 2022, the scholarship fund has a

balance of \$191,830 and is administered by Opportunity Plan, Inc., of 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 gsec.coop for additional scholarship criteria and information.



ALEXA CONNER
South Plains Electric Cooperative



KONNER JENKINS
TCEC



COLTON FLAGE
Southwest Texas Electric Cooperative



VIRGINIA BULLER
TCEC



CARTER ARROTT
Coleman County Electric Cooperative



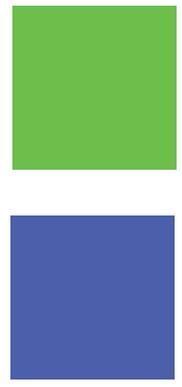
MARY SPINHIRNE
Deaf Smith Electric Cooperative



JACLYN FERREL
Lighthouse Electric Cooperative



BRADEN POPEJOY
South Plains Electric Cooperative



Proudly Supporting Our Communities

Funds designated by the Golden Spread Board for the Community Involvement Committee (CIC) doubled employee contributions to area organizations through a dollar-for-dollar match in November. Additional Board-designated funds in the CIC budget were distributed among previously supported charities to fill critical needs throughout the region.

The CIC schedules regular opportunities for Golden Spread employees to use their allocated paid time for volunteering in the community. In 2021, employees volunteered with many organizations, such as Habitat for Humanity, Salvation Army and the South Plains and High Plains food banks.

The CIC has 16 members who coordinate activities. Officers for 2021 were Chairperson Brooke Baker, Vice Chairperson Jennifer Bobbitt, Secretary Sara Orr, Treasurer Courtney Studer and Board and Employee Liaison Anthony Perez.

The committee expresses its gratitude to the Board of Directors for providing leadership and support for the Golden Spread Operating Principle "Care and Give."



The Community Involvement Committee works throughout the year to organize volunteer and giving opportunities to benefit communities where Golden Spread operates.



Golden Spread participated in Cooperative Awareness Month each Friday in October 2021 with fun themes, such as Support Your Favorite Team, Community Love, Hat Day and Halloween Costume. Shown here are Lubbock employees celebrating Neon Day to show how cooperatives light the way.



Will Stafford, right, of the Golden Spread Market Operations Department presents a check to Snack Pak 4 Kids' Founder Dyron Howell to provide food for children on the weekends.

Board of Directors

Kelly Lankford – Chairman and President of the Board

Greg Henley – Vice Chairman and Vice President of the Board

Mark McClain – Secretary/Treasurer

 BAILEY COUNTY ELECTRIC COOPERATIVE Keith Hicks • David Marricle	 LYNTEGAR ELECTRIC COOPERATIVE Ben Franklin • Greg Henley
 BIG COUNTRY ELECTRIC COOPERATIVE Danny Helms • Mark McClain	 NORTH PLAINS ELECTRIC COOPERATIVE David Sell, CPA • Randy Mahannah, PE
 COLEMAN COUNTY ELECTRIC COOPERATIVE Bob Fuchs • Synda Smith	 RITA BLANCA ELECTRIC COOPERATIVE Shad McDaniel, PE • Brent Wheeler
 CONCHO VALLEY ELECTRIC COOPERATIVE Jeff Copeland • Kelly Lankford	 SOUTH PLAINS ELECTRIC COOPERATIVE Benny Nixon • Dale Ancell
 DEAF SMITH ELECTRIC COOPERATIVE Vick Christian • Tim Burkhalter	 SOUTHWEST TEXAS ELECTRIC COOPERATIVE Pat Jackson • William “Buff” Whitten
 GREENBELT ELECTRIC COOPERATIVE James Batton • Randy White	 SWISHER ELECTRIC COOPERATIVE Dwain Strange • Dwain Tipton
 LAMB COUNTY ELECTRIC COOPERATIVE Kevin Humphreys • Blake Moore	 TAYLOR ELECTRIC COOPERATIVE Cecil Davis • Ryan Bartlett
 LIGHTHOUSE ELECTRIC COOPERATIVE Mark Appling • Albert Daniel	 TCEC Shawn Martinez • Zac Perkins

Golden Spread Officers

Kari Hollandsworth – President and Chief Executive Officer

James Guy – Assistant Secretary, Chief Legal and Compliance Officer

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

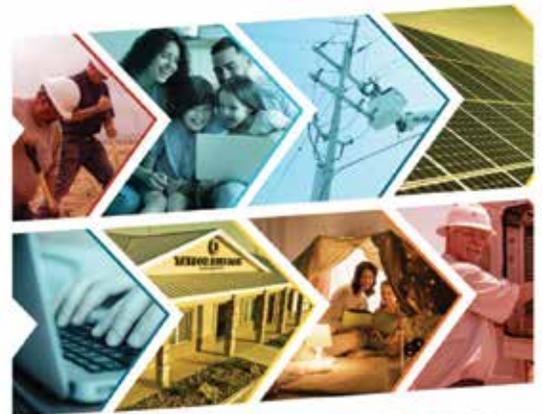
RESILIENCE at Taylor Electric Cooperative

Taylor Electric Cooperative, headquartered in Merkel, Texas, spans 11 counties in the Big Country area of Texas offering electric and fiber internet services. Its dually certified service area allows most of its members a choice between Taylor Electric or a retail provider.

This creates a market in which Taylor Electric’s members are bombarded with offers, deals and even door-to-door requests to switch their electric or internet services to the latest retail provider. Competitors often offer cheap introductory rates, as well as both short- and long-term contracts. Taylor Electric’s members are exposed to marketing campaigns, including television commercials, billboards, social media ads and even partnerships inside large, big-box retailers.

The resilience of Taylor Electric’s team shines through every day as its employees fight to continue to grow its membership, meters and fiber connections despite the fierce competition. In 2021, Taylor Electric experienced one of its best years for meter growth and eclipsed 3,000 subscribers for its fiber internet.

Continued growth is a credit to Taylor Electric’s team that works hard each day to make sure its members know the value of their membership. The Power of Resilience is constantly on display at Taylor Electric.







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, 2021 and 2020, and for the 12 months ended December 31, 2021 and 2020. At December 31, 2021 and 2020, 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 308,284 services in place, which represent approximately 253,280 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.

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

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 October 7, 2021, as amended on December 2, 2021, Golden Spread filed for authority from FERC to add a new rider to its rate schedules that enables it to defer Fuel and Energy Related Purchased Power Charges (FEPPC) to assist Members that desire to defer extraordinary FEPPC charges so as to smooth rates and help Members plan and budget energy costs. The only requested use of the rider was in conjunction with the deferral of February 2021 storm costs booked as a regulatory asset, discussed below. Subsequent to the end of the fourth quarter of 2021, FERC accepted the rider, retroactive to February 2021.

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 \$600.0 million, (2) issue long-term debt in an aggregate amount not to exceed \$2.0 billion, and (3) continue to issue or assume notes in connection with the special

facility transactions under Rider A of its wholesale rate. Current authorization to issue debt is through July 31, 2023.

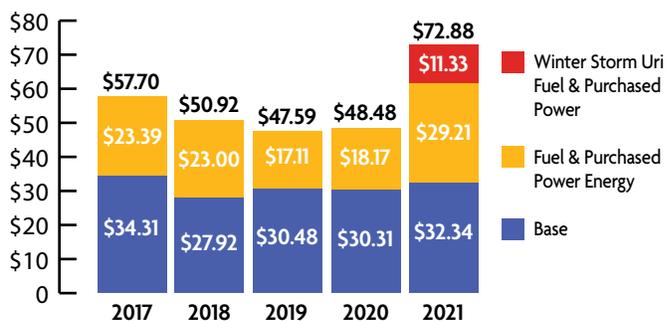
We actively monitor and participate in regulatory proceedings of power, transmission and natural gas suppliers because costs of generation and transmission suppliers ultimately affect costs passed on to our Members. Golden Spread is an active participant in FERC proceedings and subsequent appellate review 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 (NRECA), 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. On October 29, 2021, the U.S. Supreme Court agreed to hear an appeal of the D.C. Circuit's decision vacating the ACE Rule. That hearing took place on February 28, 2022.

RATES

AVERAGE RATE TO MEMBERS (\$/MWH)



Golden Spread utilizes market purchases to reduce Members' rates when market prices are less than its incremental production cost. In 2021, 63% of the energy needed to serve Members' loads was purchased from these markets, while in 2020, 42% was purchased. Natural gas prices were higher in 2021, averaging \$4.49 per MMBtu in 2021 compared to \$1.35 per MMBtu in 2020.

In February 2021, the electric power markets in Texas were significantly impacted by Winter Storm Uri. The storm brought extremely low temperatures and winter precipitation across the Midwest and deep into Texas causing the demand for electricity to spike and a simultaneous disruption in the supply of natural gas. Golden Spread experienced significantly higher fuel and purchased power costs during the storm event. The impact was approximately \$237 million. As of December 31, 2021, \$116.8 million of this event's impact is a regulatory asset to be recovered in future rates.

Base rates were affected by increases in plant operations and maintenance, general and administrative costs, and transmission costs. The 2021 Board-approved Equity Stabilization Charge (ESC) remained the same as in 2020.

Results of Operation

SALES

Sales are summarized in the following table:

	SUMMARY OF SALES AND REVENUE	
	Year Ended December 31	
	2021	2020
Operating Revenues (\$ in 000s)		
Member System Service Rate Sales (net of Deferred Member Sales of \$3,804 and \$4,364)	\$ 560,138	\$ 382,967
Member Rider A Sales	11,864	11,599
Nonmember Sales (net of Deferred Nonmember Margin of \$1,692 and \$21,675)	119,616	16,193
Other	2,776	2,856
Total Operating Revenues	\$ 730,717	\$ 413,615
Megawatt-Hour Sales (MWh in 000s)		
SPP Member Sales	6,072	6,224
ERCOT Member Sales	1,614	1,675
Total Member Sales	7,686	7,899
Nonmember Sales (includes energy and ancillary services sales)	623	988
Total MWh Sales	8,309	8,887
Average Rate to Members (\$/MWh)	\$ 72.88	\$ 48.48

For the 12 months ended December 31, 2021, the average rate to Members increased as compared to the same time period in 2020, due to higher fuel and purchased power costs, higher plant

operations and maintenance costs, higher transmission costs, and higher general and administrative costs. Fuel and purchased power energy costs to Members averaged \$40.54 per MWh for 2021, compared to the 2020 average price of \$18.17 per MWh. The average fuel and purchased power energy costs were affected by costs associated with Winter Storm Uri and higher gas prices.

Member megawatt-hour energy sales for 2021 were lower as compared to 2020. Member sales can be impacted by the variability in the oil and gas industry and fluctuations in weather, which affects irrigation sales.

Since June 2019, 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 allows these revenues to be applied to future rate periods at the discretion of Golden Spread's Board of Directors. Nonmember revenues increased in 2021 due to sales during Winter Storm Uri. Golden Spread used \$66 million of the deferred nonmember margins to help offset Winter Storm Uri costs.

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. The 2021 Board-approved Equity Stabilization Charge (ESC) remained the same as in 2020. 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 2021 were \$15.7 million as compared to \$15.8 million in 2020. 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:

	YTD Ended December 31	
	2021	2020
<i>Dollars in thousands</i>		
Fuel and Purchased Power Energy	\$ 448,379	\$ 142,912
Purchased Power Capacity	496	3,677
Transmission	81,980	80,349
Plant Operations and Maintenance	50,055	46,656
Administrative and General	32,062	30,635
Depreciation	48,631	46,053
Amortization of Deferred Charges	3,945	-
Taxes Other than Income Taxes	6,944	7,343
Other	14,417	15,316
Total	\$ 686,909	\$ 372,941

The changes in fuel and purchased power energy costs are directly related to volume of sales, fuel costs, the volume of energy

purchased under third-party power purchase agreements, net settlements in the ERCOT and SPP markets, and the Winter storm Uri impacts discussed above. For Members' loads, Golden Spread provides the lowest-cost resources available.

Plant Operation and Maintenance (O&M) expenses vary from year to year based on a variety of factors ranging from increased operations, schedule of required planned maintenance and maintenance cost resulting from unplanned outages, along with other expenses necessary for plant operations. The O&M expenses were higher in 2021, as compared to 2020, primarily due to increased maintenance expenses at the Mustang Station and Antelope Elk Energy Center facilities.

Administrative and general costs were higher compared to 2020. In 2020, cost reductions minimized the COVID-19 impact on Golden Spread's rate.

Depreciation expense was higher in 2021, as compared to 2020 due to the completion of the Mustang Station upgrade project.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2021, Golden Spread had available cash and cash equivalents of approximately \$181.4 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, 2021, \$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 February 2021, Golden Spread renewed a four-year line of credit agreement with National Rural Utilities Cooperative Finance Corporation (CFC) for \$80.0 million. In June 2021, Golden Spread closed on a three-year \$90.0 million line of credit with CoBank. In October 2021, Golden Spread renewed an unsecured committed line of credit for \$40.0 million (previously \$20.0 million) from Amarillo National Bank for a term of two years.

LINE OF CREDIT USAGE

	Years Ended December 31	
	2021	2020
Maximum Amount Borrowed on Lines of Credit (in Millions)	\$ 4.2	\$ 4.2
Average Interest Rate	2.39%	2.12%

CONTRACTUAL OBLIGATIONS AT DECEMBER 31, 2021

The following table details our fixed contractual obligations for 2022 through 2026.

<i>Dollars in thousands</i>	PAYMENTS DUE			
	Total 2022-2026	2022	2023-2024	2025-2026
Principal Payments on Long-Term Debt	\$ 222,426	\$ 40,709	\$ 93,858	\$ 87,859
Interest Payments on Long-Term Debt	115,500	26,172	48,266	41,062
Purchased Power Obligations ¹ - Demand	636	636	–	–
Purchased Power Obligations ¹ - Energy	184,324	35,434	74,301	74,589
Firm Gas Transportation	63,680	12,736	25,472	25,472
Service Maintenance Agreement	2,769	1,840	929	–
Wind Ranch Land Lease - Minimum Rent	4,235	847	1,694	1,694
Operating Leases	1,339	431	546	362
Total	\$ 594,909	\$ 118,805	\$ 245,066	\$ 231,038

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 2022, the Board authorized a patronage payment of \$13.7 million to be paid in March 2022. In 2021, the Board did not authorize payment of patronage in response to Winter Storm Uri discussed above. In 2020 distributions of \$27.5 million 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 September 2021, Standard & Poor's Rating Services reaffirmed its rating of Golden Spread to an A+. In July 2021, Fitch Ratings reaffirmed its rating on our 2005 Series senior secured debt of AA-, with a stable outlook. In February 2022, Moody's Investor Services reaffirmed its general corporate credit rating of A2 (unsecured) with a stable outlook.



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

Independent Auditors' Report

Board of Directors
Golden Spread Electric Cooperative, Inc.:

Opinion

We have audited the consolidated financial statements of Golden Spread Electric Cooperative, Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 31, 2021 and 2020, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

Basis for Opinion

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

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.



In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

KPMG LLP

Albuquerque, New Mexico
April 27, 2022

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

Consolidated Balance Sheets

December 31, 2021 and 2020

Assets	2021	2020
Utility plant at cost:		
Electric plant in service	\$ 1,184,142,931	1,163,602,908
Capital maintenance	38,164,016	15,914,030
Construction work in progress	1,279,958	30,152,372
Less accumulated depreciation – plant and equipment	385,387,105	382,383,081
Less accumulated amortization – capital maintenance	5,170,003	13,966,116
Total utility plant	<u>833,029,797</u>	<u>813,320,113</u>
Other property and investments – at cost or stated value:		
Investments in associated organizations and special funds	7,289,519	6,860,977
Other property	15,024,322	15,655,267
Total other property and investments	<u>22,313,841</u>	<u>22,516,244</u>
Current assets:		
Cash and cash equivalents	181,380,373	208,178,612
Accounts receivable	34,269,875	29,964,226
Prepaid capital maintenance	—	35,451,093
Prepaid expenses and other current assets	63,942,943	60,628,681
Current deferred charges	18,076,046	—
Total current assets	<u>297,669,237</u>	<u>334,222,612</u>
Other assets:		
Deferred charges	102,826,985	2,149,293
Other charges	660,176	724,352
Total other assets	<u>103,487,161</u>	<u>2,873,645</u>
Total assets	<u>\$ 1,256,500,036</u>	<u>1,172,932,614</u>
Members' Equity and Liabilities		
Members' equity:		
Patronage capital	\$ 452,931,831	437,245,886
Contributed capital	9,773,525	9,773,525
Total members' equity	<u>462,705,356</u>	<u>447,019,411</u>
Long-term debt:		
Mortgage notes less current maturities	603,117,356	524,111,625
Current liabilities:		
Current maturities of long-term debt	40,709,198	25,304,655
Line of credit	4,204,905	4,204,904
Accounts payable	28,075,404	14,122,695
Other accrued expenses	52,136,047	62,751,543
Current regulatory liabilities	14,140,260	—
Total current liabilities	<u>139,265,814</u>	<u>106,383,797</u>
Deferred credits:		
Asset retirement obligation	4,482,559	4,295,697
Other deferred credits	3,681,934	2,404,933
Regulatory liabilities	43,247,017	88,717,151
Total deferred credits	<u>51,411,510</u>	<u>95,417,781</u>
Total members' equity and liabilities	<u>\$ 1,256,500,036</u>	<u>1,172,932,614</u>

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Income

Years ended December 31, 2021 and 2020

	2021	2020
Operating revenues:		
Wholesale power sales	\$ 716,076,239	399,160,558
Other operating revenues	14,640,575	14,454,821
Total operating revenues	730,716,814	413,615,379
Operating expenses:		
Purchased power	267,392,038	95,803,790
Fuel expense	181,484,026	50,785,402
Transmission expense	81,980,114	80,349,214
Other power supply expense	1,837,978	1,439,249
Plant operations and maintenance	48,217,447	45,217,193
Other operating expense	14,416,727	15,315,661
Administrative and general	32,061,728	30,635,168
Depreciation and amortization	48,630,767	46,052,886
Amortization of deferred charges	3,945,005	—
Taxes other than income taxes	6,943,524	7,342,555
Total operating expenses	686,909,354	372,941,118
Operating margins – before fixed charges	43,807,460	40,674,261
Fixed charges:		
Short-term interest	1,212,094	736,229
Interest on long-term debt	25,996,015	25,179,744
Amortization of debt issuance costs	216,800	139,379
Total fixed charges	27,424,909	26,055,352
Operating margins – after fixed charges	16,382,551	14,618,909
Nonoperating margins:		
Interest and capital credit income	1,313,064	2,092,990
Gain on disposition of property	53,805	—
Other expense	(2,063,475)	(946,502)
Total nonoperating margins	(696,606)	1,146,488
Net margins	\$ 15,685,945	15,765,397

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, 2021 and 2020

	<u>Patronage capital</u>	<u>Contributed capital</u>	<u>Total</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	437,245,886	9,773,525	447,019,411
Net margins – 2021	<u>15,685,945</u>	—	<u>15,685,945</u>
Balance, December 31, 2021	<u>\$ 452,931,831</u>	<u>9,773,525</u>	<u>462,705,356</u>

See accompanying notes to consolidated financial statements.

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

Consolidated Statements of Cash Flows

Years ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Net margins	\$ 15,685,945	15,765,397
Adjustments to reconcile net margins to net cash (used in) provided by operating activities:		
Depreciation and amortization	48,630,767	46,052,886
Gain on disposition of property and other write-offs	(53,805)	—
Capital credits	(970,201)	(957,234)
Changes in assets and liabilities:		
Deferred charges	(118,753,738)	(304,541)
Other charges	(84,111)	501,554
Deferred credits	1,277,001	973,993
Regulatory liability	(31,329,874)	24,512,652
Accounts receivable	(4,305,649)	1,160,184
Prepayments and other current assets	(3,048,364)	(10,457,196)
Payables and other accrued expenses	(5,568,743)	6,238,105
Net cash (used in) provided by operating activities	(98,520,772)	83,485,800
Cash flows from investing activities:		
Additions to utility plant	(21,663,290)	(26,918,055)
Additions to capital maintenance	(2,579,832)	—
Proceeds from sale of assets	234,490	—
Insurance proceeds	—	65,970
Changes to other property	630,945	525,756
Investments in associated organizations and other	541,659	444,162
Net cash used in investing activities	(22,836,028)	(25,882,167)
Cash flows from financing activities:		
Retirement of patronage and contributed capital	—	(27,500,000)
Payments on long-term debt	(275,314,970)	(24,306,912)
Advance on long-term debt	369,873,530	9,865,729
Repayments – line of credit	(273,415,962)	147,650,661
Borrowings – line of credit	273,415,963	(147,362,611)
Net cash provided by (used in) financing activities	94,558,561	(41,653,133)
(Decrease) increase in cash and cash equivalents	(26,798,239)	15,950,500
Cash and cash equivalents – beginning of year	208,178,612	192,228,112
Cash and cash equivalents – end of year	\$ 181,380,373	208,178,612
Supplemental disclosures:		
Interest paid during the year	\$ 26,562,487	25,477,352

Noncash investing and financing transactions:

In 2021, Golden Spread had significant noncash transactions: the transfer of \$35,451,093 from Prepaid Capital Maintenance to Capital Maintenance, transfer of \$7,139,108 from other current assets to electric plant in service, \$8,772,864 of additions to utility plant in payables and accrued expenses and \$133,091 of additions to capital maintenance in payables and accrued expenses.

In 2020, Golden Spread had significant noncash transactions: the transfer of \$1,916,315 from CWIP to inventory, transfer of \$3,450,434 from other current assets 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.

See accompanying notes to consolidated financial statements.

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

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(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 financial statements include the accounts of Golden Spread Inc. and its wholly owned operating subsidiaries, Golden Spread Panhandle Wind Ranch, LLC (GSPWR) and GSEC Properties, LLC (GSEC Properties), as of and for the years ended December 31, 2021 and 2020. 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.

(2) Summary of Significant Accounting Policies

The accounting records of Golden Spread are maintained in accordance with U.S. generally accepted accounting principles (GAAP).

(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.

All amounts receivable from Members and nonmembers are considered collectible; therefore, no allowance was recorded as of December 31, 2021 and 2020.

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

Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(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	6–70 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 2021 and 2020.

(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 \$1.7 million and \$1.6 million for 2021 and 2020, 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, 2021 and 2020, other property includes land, water rights, and a seven-story office building in which Golden Spread's headquarters are located.

**GOLDEN SPREAD ELECTRIC COOPERATIVE, INC.
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Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(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 the Board, which has budgetary and rate-setting authority, if it is probable that these amounts will be refunded or recovered through future rates. Regulatory assets are costs Golden Spread expects to recover from its Members based on rates approved by the Board in accordance with Golden Spread's rate policy. Regulatory liabilities represent probable future amounts that are expected to be refunded to Members based on rates approved by the Board in accordance with Golden Spread's rate policy.

(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 years ended December 31, 2021 and 2020 Golden Spread met the 85% Test and qualifies for the tax exemption.

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. For the years ended December 31, 2021 and 2020, the primary tax position of Golden Spread is its filing status as a tax-exempt entity based on the annual 85% Test discussed above and the primary tax positions of GSPWR are the timing differences impacting taxable income. Golden Spread and GSPWR have determined that it is more likely than not that these tax positions will be sustained upon examination by the Internal Revenue Service or other state taxing authority and that all tax benefits are likely to be realized upon settlement with taxing authorities.

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

Notes to Consolidated Financial Statements

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In years where Golden Spread is recognized as a tax-exempt cooperative, Golden Spread, including GSEC Properties (whose income, as a disregarded entity, is reported on Golden Spread's tax return), GSPWR and any former wholly owned subsidiaries file separate income tax returns in the U.S. federal jurisdiction. Golden Spread and its subsidiaries are no longer subject to income tax examinations by federal taxing authorities for years before 2018.

(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 within Level 1 inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the asset or liability.

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

(3) Utility Plant

The components of utility plant are summarized as follows:

	December 31	
	2021	2020
Plant in service:		
Land	\$ 2,826,034	2,826,034
Production plant	982,234,743	976,557,584
Transmission and distribution plant	167,714,330	157,324,941
General plant	31,367,824	26,894,349
Total electric plant in service	1,184,142,931	1,163,602,908
Capital maintenance	38,164,016	15,914,030
Construction work in progress	1,279,958	30,152,372
Total utility plant	<u>\$ 1,223,586,905</u>	<u>1,209,669,310</u>

**GOLDEN SPREAD ELECTRIC COOPERATIVE, INC.
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Notes to Consolidated Financial Statements

December 31, 2021 and 2020

At December 31, 2021 and 2020, 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.

In April 2021, during the regular schedule maintenance on Mustang Station Unit 3 (steam turbine) damage was found to the medium-pressure and high-pressure sections of the steam turbine. The additional maintenance to the damaged sections of the steam turbine resulted in the unit being out of service until January 2022. As of December 31, 2021, \$8.1 million of costs were incurred with an additional \$0.5 million to \$1.0 million to be incurred in 2022. Golden Spread has a comprehensive insurance policy and is in the process of filing an insurance claim to recover the costs incurred, less Golden Spread's insurance deductible. As of December 31, 2021, Golden Spread has accrued \$1.1 million in prepaid expenses and other current assets in the balance sheets associated with the anticipated insurance recoveries.

In October 2021, Elk Unit 1 experienced an unplanned outage event. Upon inspection, extensive internal damage was found and removal and replacement of the damaged components began in November 2021. As of December 31, 2021, \$0.7 million of costs were incurred with the total expected cost to be approximately \$16.0 million to bring the unit back on-line in May 2022. Golden Spread has a comprehensive insurance policy and is in the process of filing an insurance claim to recover the costs incurred, less Golden Spread's insurance deductible. As of December 31, 2021, Golden Spread has accrued \$7.4 million in prepaid expenses and other current assets in the balance sheets associated with the anticipated insurance recoveries, and offset it to accumulated depreciation.

Capital Maintenance is accounted for using the deferral method of accounting (Note 5). During 2020, the capital maintenance for Mustang Unit 1 was in process at December 31, 2020, and the capitalized maintenance cost was included in the prepaid maintenance account (Note 5). During the year ended December 31, 2021, the third major inspection for Mustang Unit 1 and Unit 2 was completed. The actual cost of each unit's maintenance is capitalized and amortized to the next scheduled maintenance interval estimated to be in 2024 and 2025.

**GOLDEN SPREAD ELECTRIC COOPERATIVE, INC.
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Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(4) Cash and Cash Equivalents

Cash and cash equivalents are summarized as follows:

	December 31	
	2021	2020
Cash	\$ 10,415,863	5,131,502
Commercial paper and certificate of deposit	11,057,908	8,863,531
CFC select notes	157,829,246	193,129,244
CFC daily fund investment	2,077,356	1,054,335
Total cash and cash equivalents	\$ 181,380,373	208,178,612

Cash and cash equivalents are recorded at cost, which approximates fair value. The commercial paper and certificate of deposit matured by January 9, 2022 and had interest rates ranging from 0.105% to 0.30%. The CFC select notes matured by February 22, 2022 and had interest rates ranging from 0.22% to 0.33%. The CFC daily fund investments earn interest at a variable interest rate (0.06% at December 31, 2021).

(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 \$2.7 million and \$7.1 million in 2021 and 2020, 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. In 2021, the third major inspection for both Mustang Unit #1 and Mustang Unit #2 was completed. The amounts recorded in the prepaid account were transferred to capital maintenance and are being amortized to the next schedule maintenance interval estimated to be in 2024 & 2025. The balance in the prepaid account at the end of each year is (\$0 and \$35.5 million at December 31, 2021 and 2020, respectively).

The LTSPA was amended in 2021, changing the expiration date related to maintenance of the units to expire after the third major inspection, which occurred December 2021. However, the spare parts discounts and factory repair services will remain in effect through November 2024.

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Notes to Consolidated Financial Statements

December 31, 2021 and 2020

(6) Deferred and Other Charges

Deferred and other charges consist of the following:

	December 31	
	2021	2020
Deferred charges:		
Regulatory asset – deferred Winter Storm Uri costs	\$ 116,807,923	—
Regulatory assets – other	3,790,794	1,873,793
Other deferred charges	304,314	275,500
	120,903,031	2,149,293
Less current deferred charges	(18,076,046)	—
Total deferred charges	\$ 102,826,985	2,149,293
Other charges:		
Unamortized line of credit fees	\$ 298,000	—
Prepaid pension	362,176	724,352
Total other charges	\$ 660,176	724,352

Deferred and other charges consist of regulatory assets as well as other assets. In February 2021, the electric power markets in Texas were significantly impacted by Winter Storm Uri. Golden Spread recorded a regulatory asset in 2021 to defer recovery of a portion of the fuel expense and purchase power costs associated with Winter Storm Uri. At December 31, 2021 the balance of this regulatory asset was \$116.8 million, of which \$16.9 million is reflected as current deferred charges. These costs will be amortized over five, seven, and ten years based on Golden Spreads' tariff. The amortization periods were established based on the period over which Golden Spreads' members elected to defer the recovery of their portion of the deferred Winter Storm Uri costs. In 2021, \$3.9 million of the deferred costs associated with Winter Storm Uri were recorded as amortization of deferred charges.

Other regulatory assets include \$1.3 million of Special Facility Assets (SFA), which are being amortized by the participating Member system over the average remaining life of those assets. In addition, \$1.4 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 (Note 14). The remaining \$1.1 million of other regulatory assets represents the change in fair value of forward power contracts recoverable from Members (Note 7).

(7) Derivative Instruments and Hedging

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

Golden Spread periodically uses derivative instruments including forward contracts for commodities and energy. Any instrument not qualifying for the normal purchases and normal sales exception are recorded

**GOLDEN SPREAD ELECTRIC COOPERATIVE, INC.
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Notes to Consolidated Financial Statements

December 31, 2021 and 2020

on the consolidated balance sheets at fair value. Changes in the fair value for those derivative instruments are reflected as a regulatory asset or liability. In November 2021 Golden Spread entered into a forward energy contract. The fair market value, based on Level 1 observations of broker quotes was recorded as a regulatory asset and a derivative liability of \$1.1 million at December 31, 2021.

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, and therefore are assigned as Level 3 fair value measurement.

Changes in Level 3 FTR derivatives are as follows:

	December 31	
	2021	2020
Balance at January 1	\$ 11,479,294	10,455,498
Purchases	7,836,216	18,896,429
Settlements	(11,478,535)	(16,346,438)
Net gains recorded as regulatory liability	437,218	(1,526,195)
Balance at December 31	<u>\$ 8,274,193</u>	<u>11,479,294</u>

FTR MWh for 2021 and 2020 were:

	December 31	
	2021	2020
FTR Volume (MWh)	3,205,886	2,786,688

**GOLDEN SPREAD ELECTRIC COOPERATIVE, INC.
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December 31, 2021 and 2020

(8) Long-Term Debt

Long-term debt is summarized as follows:

	December 31	
	2021	2020
5.75% senior secured notes, due through 2025	\$ 14,595,400	18,260,500
5.00% senior secured note, due through 2043	63,773,865	65,391,990
4.95% senior secured notes, due through 2041	121,663,251	125,165,335
4.35% senior secured notes, due through 2031	151,515,279	163,384,759
3.93% senior secured note, due through 2045	17,330,152	17,778,497
3.82% senior secured notes, due through 2045	34,718,252	35,617,726
3.75% senior secured note, due through 2045	34,679,037	35,583,968
3.50%–7.60% fixed rate mortgage notes, due through 2050	88,585,932	88,528,610
2.13% senior secured note, due through 2026	25,500,000	—
2.66% senior secured note, due through 2031	30,000,000	—
2.22% senior secured note, due through 2026	21,109,243	—
2.44% senior secured note, due through 2028	4,446,604	—
2.68% senior secured note, due through 2031	36,460,669	—
Variable rate mortgage notes, due through 2047	1,181,278	1,289,017
	645,558,962	551,000,402
Debt issuance costs	(1,732,408)	(1,584,122)
Less current maturities	40,709,198	25,304,655
	\$ 603,117,356	524,111,625

In May 2021, Golden Spread closed on a 2- year, \$250.0 million note with an interest rate of 2.45% with CFC. This note was entered into as a bridge loan until longer term financing could be arranged to cover the costs of Winter Storm Uri. This loan was paid off completely in November, when longer term notes were executed as described below.

On November 16, 2021, Golden Spread closed on a 5-year \$21.1 million note with an interest rate of 2.22%; a 7- year \$4.4 million note with an interest rate of 2.44%, and a 10-year \$36.5 million note with a rate of 2.68% with CFC, all of which are senior secured. Also, on November 16, 2021 Golden Spread closed on a 5-year \$25.5 million note with an interest rate of 2.13% and a 10-year \$30.0 million note with an interest rate of 2.66% with CoBank which are senior secured. Proceeds from these notes were used to finance the deferred fuel and purchased power costs from Winter Storm Uri.

The senior secured notes are fully amortizing over the term of the notes. and are secured under a Trust Indenture, amended and restated as of June 29, 2012, as supplemented (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

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Spread's subsidiary issues notes under a trust indenture substantially identical to the Trust Indenture. These notes constitute "Qualifying Securities" under the Trust Indenture and are assets of Golden Spread. Assets held under the Trust Indenture totaled \$987.6 million at December 31, 2021, 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 Trust Indenture also contains certain other covenants which include the maintenance of (i) patronage capital and contributed capital in an amount of not less than \$50.0 million and (ii) a debt service coverage ratio of not less than 1.25. At December 31, 2021 and 2020, Golden Spread had met all requirements of the Trust Indenture.

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 \$97.5 million and \$90.7 million at December 31, 2021 and 2020, respectively) and the revenues recoverable through the special facilities charges associated with the transmission and distribution assets. These assets are excepted from the Trust Indenture, and the variable and fixed rate mortgage notes are not secured under the Trust Indenture. GSEC Properties assets are also excluded from the Trust Indenture.

As of December 31, 2021, annual maturities of long-term debt for the next five years are as follows:

2022	\$	40,709,198
2023		44,156,636
2024		47,669,186
2025		45,216,069
2026		42,643,126

(9) Short-Term Credit Facilities

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

	December 31	
	2021	2020
Borrowings under lines of credit at weighted average rates of 2.38% and 2.12% at December 31, 2021 and 2020, respectively	\$ 4,204,905	4,204,904

In May 2017, Golden Spread closed on a four-year line-of-credit agreement with CFC for \$80.0 million. In February 2021, Golden Spread renewed this \$80.0 million line-of-credit for four years. The new agreement bears interest at the CFC line of credit rate for the four-year term. This line-of-credit is also available to provide letters of credit. A \$10.0 million letter of credit is issued under this arrangement. There were no borrowings outstanding under this line-of-credit at December 31, 2021 or 2020.

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In February 2021, due to Winter Storm Uri, Golden Spread closed on a one-year, \$100.0 million line-of-credit with CFC. In May 2021, the \$100.0 million line-of-credit with CFC was replaced with the two-year bridge loan discussed in Note 8.

In May 2017, Golden Spread closed on a five-year \$50.0 million line-of-credit with CoBank. In February 2021, due to Winter Storm Uri, Golden Spread closed on an additional 3-month \$40.0 million line-of-credit with CoBank. In June 2021, Golden Spread amended the five-year \$50.0 million line-of-credit to increase it to \$90.0 million through June 2024. The amended agreement bears interest at Prime plus a credit spread. Letters of credit issued under this agreement at December 31, 2021 and 2020 were \$37.0 million and \$35.0 million, respectively. There were no borrowings outstanding under this line-of-credit at December 31, 2021 or 2020.

In June 2020, Golden Spread renewed, for \$20.0 million (previously \$30.0 million), its unsecured committed line-of-credit from Amarillo National Bank for two years. In October 2021, Golden Spread amended this agreement to increase the commitment to \$40.0 million and extend the term until October 2023. The amended agreement bears interest at Prime plus a credit spread. Borrowings under this line-of-credit at December 31, 2021 and 2020 were \$4.2 million.

(10) Regulatory Liabilities

Regulatory liabilities are \$57.4 million at December 31, 2021, of which \$14.1 million are current liabilities. These regulatory liabilities consist primarily of deferred nonmember electric sales margins of \$39.9 million and deferred non-member revenue to recover costs for major maintenance of \$18.1 million.

Regulatory liabilities were \$88.7 million as of December 31, 2020. These regulatory liabilities consist primarily of deferred nonmember electric sales margins of \$76.2 million and deferred non-member revenue to recover costs for major maintenance of \$12.3 million.

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

(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 2021 and 2020 consolidated balance

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sheets, and the changes in the net liability for the years ended December 31, 2021 and 2020, are as follows:

	December 31	
	2021	2020
Beginning balance	\$ 4,295,697	4,116,624
Accretion expense	186,862	179,073
Ending balance	\$ 4,482,559	4,295,697

(12) Income Taxes

At December 31, 2021 and 2020, Golden Spread met all requirements of the 85% Test, and was tax-exempt for the tax years then ended. Since neither Golden Spread nor its disregarded entity, GSEC Properties, engage in an unrelated business, current and deferred income taxes are based solely on the activities of GSPWR.

At December 31, 2021 and 2020, GSPWR had a cumulative financial income of \$1.7 million and \$2.3 million, respectively, and a cumulative federal tax loss carryforward of \$52.8 million and \$48.3 million, respectively (due partially to a permanent difference related to 50.0% basis increase provided by the Section 1603 Treasury grant program, but also temporary differences due to tax depreciation and changes in the asset retirement obligations). Of these tax loss carryforwards, \$39.4 million have a 20-year carry forward period and expire between 2031 and 2037, while the remaining \$13.4 million have an indefinite carry forward period.

The current tax expense for 2021 and 2020 was \$0 and \$0, respectively. The net deferred income tax expense for 2021 and 2020 was \$0 and \$0, respectively, using the corporate statutory rate of 21%. The related deferred tax assets for 2021 and 2020 of \$12.0 million and \$11.0 million, respectively, computed using the corporate statutory rate of 21%, have been fully reduced by a valuation allowance for the amount net of deferred tax liabilities related to depreciation for 2021 of \$9.8 million and for 2020 of \$8.4 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.

Revenues for Golden Spread are derived primarily from the sale of electric power to Members pursuant to long-term wholesale electric service contracts or "Wholesale Power Contracts" (WPC'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 10-years notice is given. Golden Spread has 16 Member contracts to supply power requirements (energy and demand). These contracts are substantially identical, as such Golden Spread does not incur significant contract acquisition costs. Pursuant to these contracts, Golden Spread is obligated to sell and deliver all power requirements to the Members and the Members are obligated to purchase and receive all electric power and energy required for operations from Golden Spread. The revenues from these wholesale power contracts constituted at least 92% of total

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revenues for the past two years. Golden Spread bills the Member distribution cooperatives monthly, and each member distribution cooperative is required to pay monthly for power furnished under its wholesale power contract. The contract obligations are satisfied over time when control of electricity is transferred as energy is delivered or transmitted to the Member, and the Member distribution cooperatives simultaneously receive and consume the benefits of the electricity. Energy consumption and demand is read monthly for billing purposes. Revenue is recognized, and Members are invoiced based on consumption reported. 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, 2021 and 2020 were \$34.3 million and \$30.0 million, respectively. At December 31, 2021 and 2020, contract liabilities representing amounts over collected from Members included in other accrued expenses totaled \$20.9 million and \$20.2 million, respectively.

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

(14) Pension Benefits

Golden Spread provides pension benefits for substantially all its employees through the National Rural Electric Cooperative Association (NRECA) Retirement and Security Program (RS Plan). The RS Plan is a multiemployer defined-benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. The plan sponsor's Employer Identification Number is 53-0116145, and the Plan Number is 333. Golden Spread makes contributions to the RS Plan as required by the plan agreement. This multiemployer plan is available to all member cooperatives of NRECA. A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers. Golden Spread's contribution to the RS Plan in 2021 and in 2020 represented less than 5% of the total contributions made to the RS Plan by all participating employers. Golden Spread's contributions to the RS Plan were \$3.3 million in 2021 and \$3.0 million in 2020. There have been no significant changes that affected the comparability of total employer contributions for 2021 and 2020. 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, 2021 and 2020 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

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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 Savings Plan), which was established under Code Section 401(k) of the Internal Revenue Code. Under the Savings Plan, Golden Spread matches employee contributions up to a maximum of 4% of each participating employee's salary. Employer contributions to the plan for the year ended December 31, 2021 was \$0.5 million and \$0.4 million for 2020.

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. The liability associated with the EBR Plan was \$2.1 million and \$0.9 million for the years ended December 31, 2021 and 2020, respectively. Such amounts are included in deferred credits in the accompanying consolidated financial statements. Periodic benefit costs of \$0.4 million and \$0.3 million were recorded in 2021 and 2020, respectively.

(15) Significant Customers

Golden Spread has four Members whose power purchases represent at least 10% of Golden Spread's annual power sales to its Members for the years ended December 31, 2021 and 2020 as follows:

	December 31, 2021	
	Sales to members	Total sales
South Plains Electric Cooperative, Inc.	14 %	13 %
Deaf Smith Electric Cooperatives, Inc.	11	10
Rita Blanca Electric Cooperative, Inc.	11	10
Tri-County Electric Cooperative, Inc.	11	10

	December 31, 2020	
	Sales to members	Total sales
South Plains Electric Cooperative, Inc.	14 %	12 %
Deaf Smith Electric Cooperatives, Inc.	11	10
Lyntegar Electric Cooperative, Inc.	11	9
Tri-County Electric Cooperative, Inc.	10	9

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(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 178 MW and run from June 2022 to September 2022; and 121 MW from June 2024 to September 2024.

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.

(17) Leases

Golden Spread has several operating leases as outlined in the table below. Lease expense for 2021 and 2020 is as follows:

	<u>2021</u>	<u>2020</u>
Lubbock office space	\$ 165,278	108,625
Wind Ranch land lease – minimum rent	846,874	851,068
Wind Ranch – production royalty payments	156,186	172,869
Data centers	<u>301,184</u>	<u>303,116</u>
Total	<u>\$ 1,469,522</u>	<u>1,435,678</u>

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The Lubbock office space lease is from April 1, 2013 through March 31, 2031. 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% to 6% of production that exceed the minimum rent payments. In December 2016, Golden Spread entered into a lease for data centers. The data center leases currently expire in December 2022 and November 2024. The future lease payments are listed below:

	<u>Data centers</u>	<u>Lubbock office</u>	<u>Wind Ranch land lease</u>
2022	\$ 250,415	180,870	846,874
2023	95,988	180,870	846,874
2024	87,989	180,870	846,874
2025	—	180,870	846,874
2026	—	180,870	846,874

(18) Other Accrued Expenses

Other accrued expenses at December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Accrued taxes	\$ 5,332,167	5,615,361
Accrued interest	6,383,332	6,470,018
Member refunds	20,605,848	22,256,804
Accrued plant invoices	12,554,763	12,218,391
Accrued substation invoice	—	9,749,878
Other	7,259,937	6,441,091
Total other accrued expenses	<u>\$ 52,136,047</u>	<u>62,751,543</u>

(19) Subsequent Events

Golden Spread's management has evaluated subsequent events through April 27, 2022, the date at which the consolidated financial statements were available for issue.

5-YEAR SUMMARY of CONDENSED FINANCIAL DATA and STATISTICAL INFORMATION

	2021	2020	2019	2018	2017
CONDENSED CONSOLIDATED INCOME STATEMENT DATA (000)					
Operating Revenues	\$ 730,717	\$ 413,615	\$ 400,59	\$ 464,225	\$ 397,637
Operating Expenses					
Fuel, Purchased Power and Transmission	\$ 530,856	\$ 226,938	\$ 207,742	\$ 266,043	\$ 228,046
Plant Operations and Maintenance	50,055	46,656	41,667	28,646	24,018
Administrative and General	32,062	30,635	32,009	28,703	31,914
Depreciation and Amortization	48,631	46,053	46,922	45,926	44,046
Amortization of Deferred Charges	3,945	-	-	-	-
Taxes Other Than Income Taxes	6,944	7,343	8,121	9,855	9,825
Other Operating Expenses	14,417	15,316	14,739	15,665	9,694
Total Operating Expenses	<u>\$ 686,909</u>	<u>\$ 372,941</u>	<u>\$ 351,200</u>	<u>\$ 394,8383</u>	<u>\$ 347,543</u>
Operating Margins - Before Fixed Charges	<u>\$ 43,807</u>	<u>\$ 40,674</u>	<u>\$ 49,391</u>	<u>\$ 69,387</u>	<u>\$ 50,094</u>
Fixed Charges	<u>27,425</u>	<u>26,055</u>	<u>26,941</u>	<u>28,155</u>	<u>29,024</u>
Operating Margins - After Fixed Charges	<u>\$ 16,383</u>	<u>\$ 14,619</u>	<u>\$ 22,450</u>	<u>\$ 41,232</u>	<u>\$ 21,070</u>
Nonoperating Margins	<u>(697)</u>	<u>1,146</u>	<u>2,911</u>	<u>1,902</u>	<u>(3,499)</u>
Net Margins	<u>\$ 15,686</u>	<u>\$ 15,765</u>	<u>\$ 25,361</u>	<u>\$ 43,134</u>	<u>\$ 17,571</u>
CONDENSED CONSOLIDATED BALANCE SHEET DATA (000)					
Utility Plant, net	\$ 833,030	\$ 813,320	\$ 817,014	\$ 849,710	\$ 885,794
Other Property and Investments	22,314	22,516	22,529	44,592	44,791
Cash, Cash Equivalents and Short-Term Investment Securities	181,380	208,179	192,228	139,660	92,589
Other Current Assets	116,289	126,044	118,236	70,796	73,919
Other Assets	103,487	2,874	3,023	4,199	6,458
Total Assets	<u>\$ 1,256,500</u>	<u>\$ 1,172,933</u>	<u>\$ 1,153,030</u>	<u>\$ 1,108,957</u>	<u>\$ 1,103,551</u>
Total Members' Equity	<u>\$ 462,705</u>	<u>\$ 447,019</u>	<u>\$ 458,754</u>	<u>\$ 453,493</u>	<u>\$ 423,058</u>
Long-Term Debt, excluding current maturities	\$ 603,117	\$ 524,112	\$ 539,267	\$ 562,567	\$ 581,339
Current Liabilities	139,266	106,384	85,257	87,444	93,219
Deferred Credits	51,412	95,418	69,752	5,453	5,935
Total Liabilities	<u>\$ 793,795</u>	<u>\$ 725,914</u>	<u>\$ 694,276</u>	<u>\$ 655,464</u>	<u>\$ 680,493</u>
Total Members' Equity and Liabilities	<u>\$ 1,256,500</u>	<u>\$ 1,172,933</u>	<u>\$ 1,153,030</u>	<u>\$ 1,108,957</u>	<u>\$ 1,103,551</u>
OTHER FINANCIAL AND STATISTICAL DATA					
Energy Sales					
Energy Sales to Members (MWh)	7,686,271	7,898,832	7,509,715	7,753,192	6,262,561
Energy Sales to Nonmembers (MWh) (1)	622,598	987,673	1,591,128	970,829	957,709
Total Energy Sales (MWh)	<u>8,308,869</u>	<u>8,886,505</u>	<u>9,100,843</u>	<u>8,724,021</u>	<u>7,220,270</u>
Member Peak Demand (MW)	1,654	1,686	1,730	1,688	1,518
Member System Load Factor (%)	53.01	53.31	49.52	52.40	47.10
Energy Generated (MWh) (2)	1,729,652	4,374,506	5,905,724	4,159,596	3,720,786
Energy Purchased (MWh) (2)	6,599,163	4,552,525	3,277,219	4,642,571	4,088,207
Average Rate to Members (\$/MWh)	\$ 72.88	\$ 48.48	\$ 47.59	\$ 50.92	\$ 57.70
Average Natural Gas Commodity Price (\$/MMBtu)	\$ 4.49	\$ 1.35	\$ 1.06	\$ 2.29	\$ 2.72
Financial Ratios					
Equity/Capitalization (%)	42	45	45	44	41
Debt Service Coverage (DSC) Ratio	1.75	1.75	1.97	2.32	1.88
Debt/Funds Available for Debt Service	7.08	6.31	5.65	5.00	6.53
Days Cash on Hand	104	232	221	136	102

(1) Includes energy and ancillary services sales

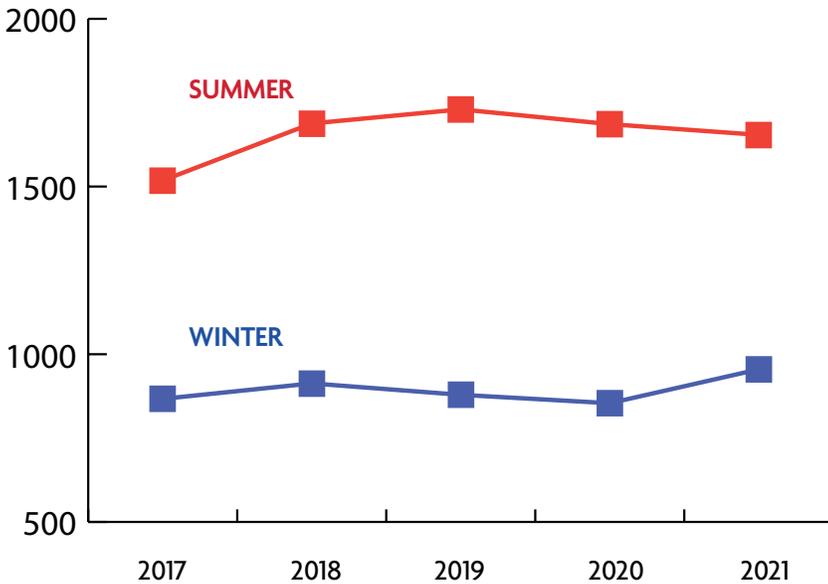
(2) Includes ancillary services for Member load



ENERGY and FINANCIAL CHARTS

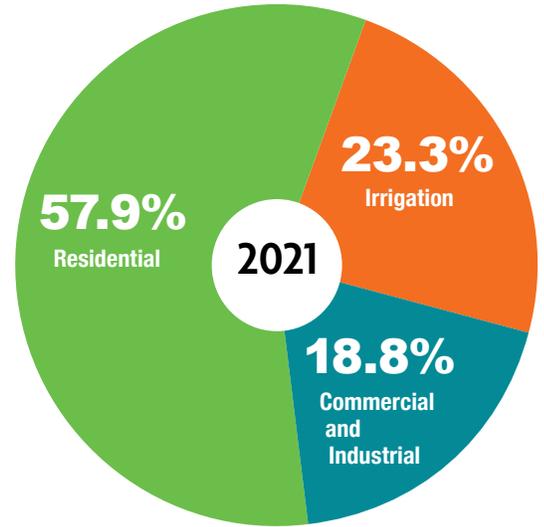
COINCIDENT DEMAND (Megawatts)

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



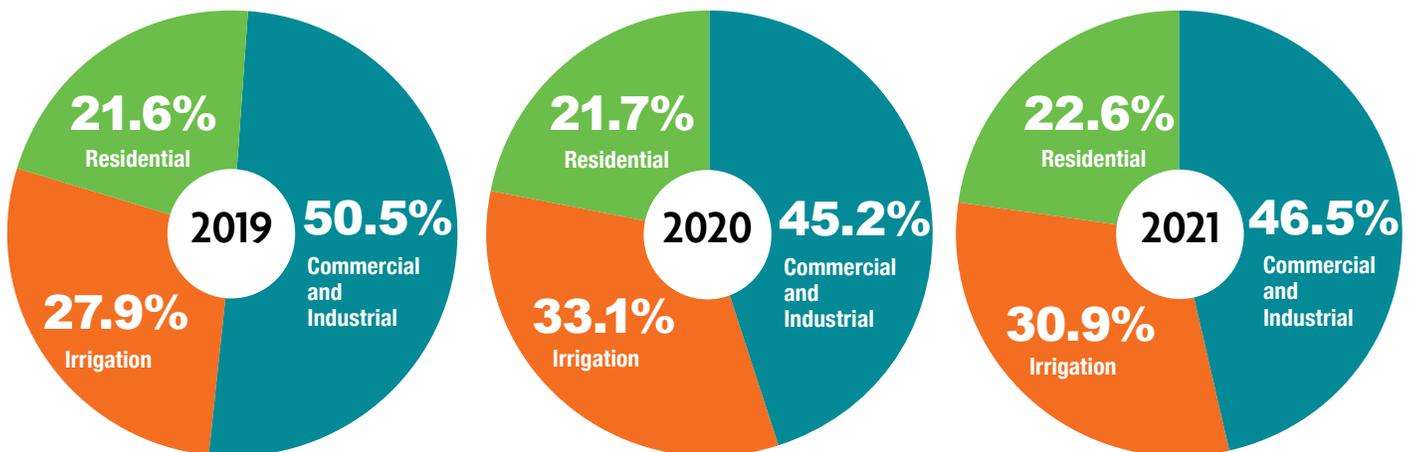
RATE CLASSIFICATION

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



USAGE BY RATE CLASSIFICATION

Weather conditions affect the mix of energy sales by classification – particularly the level of irrigation sales, which has ranged from 30% to 35% of total sales in the last few years.



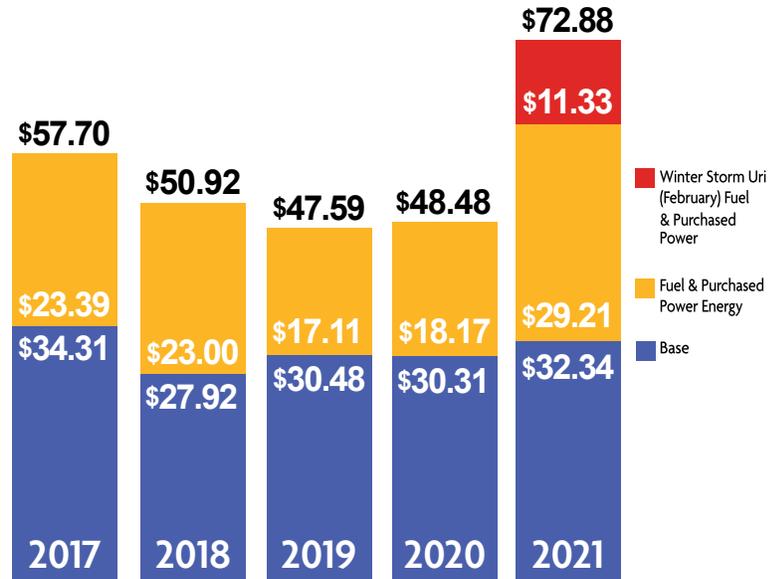
AVERAGE NATURAL GAS COMMODITY PRICE

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

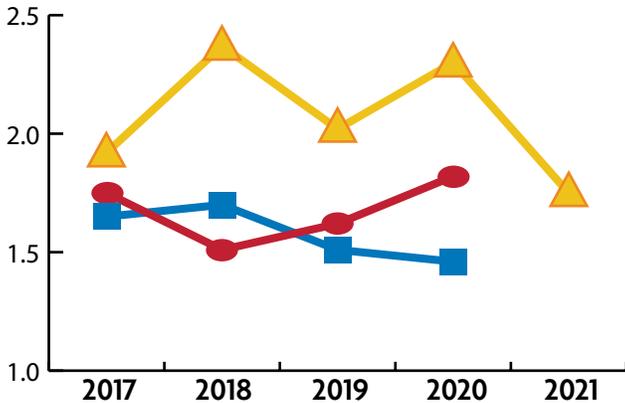


AVERAGE RATE TO MEMBERS (\$/MWh)

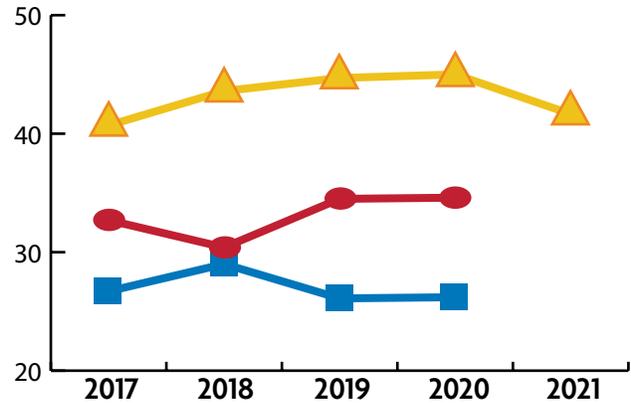
Average rate to Members increased in 2021 due to natural gas prices, Winter Storm Uri costs and increases in transmission rates.



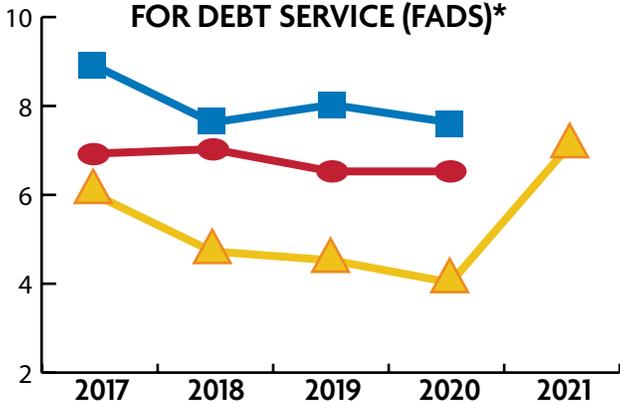
DEBT SERVICE COVERAGE (DSC) RATIO*



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 is committed to maintaining good financial metrics to support a strong balance sheet. The challenges of 2021 impacted its ratios, however, Golden Spread still compares favorably to the average ratios of its peers.

In July 2021, 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 2021 were not available at time of printing.

Note: The G&Ts included for comparisons may differ from year to year.

Member Cooperatives' Information

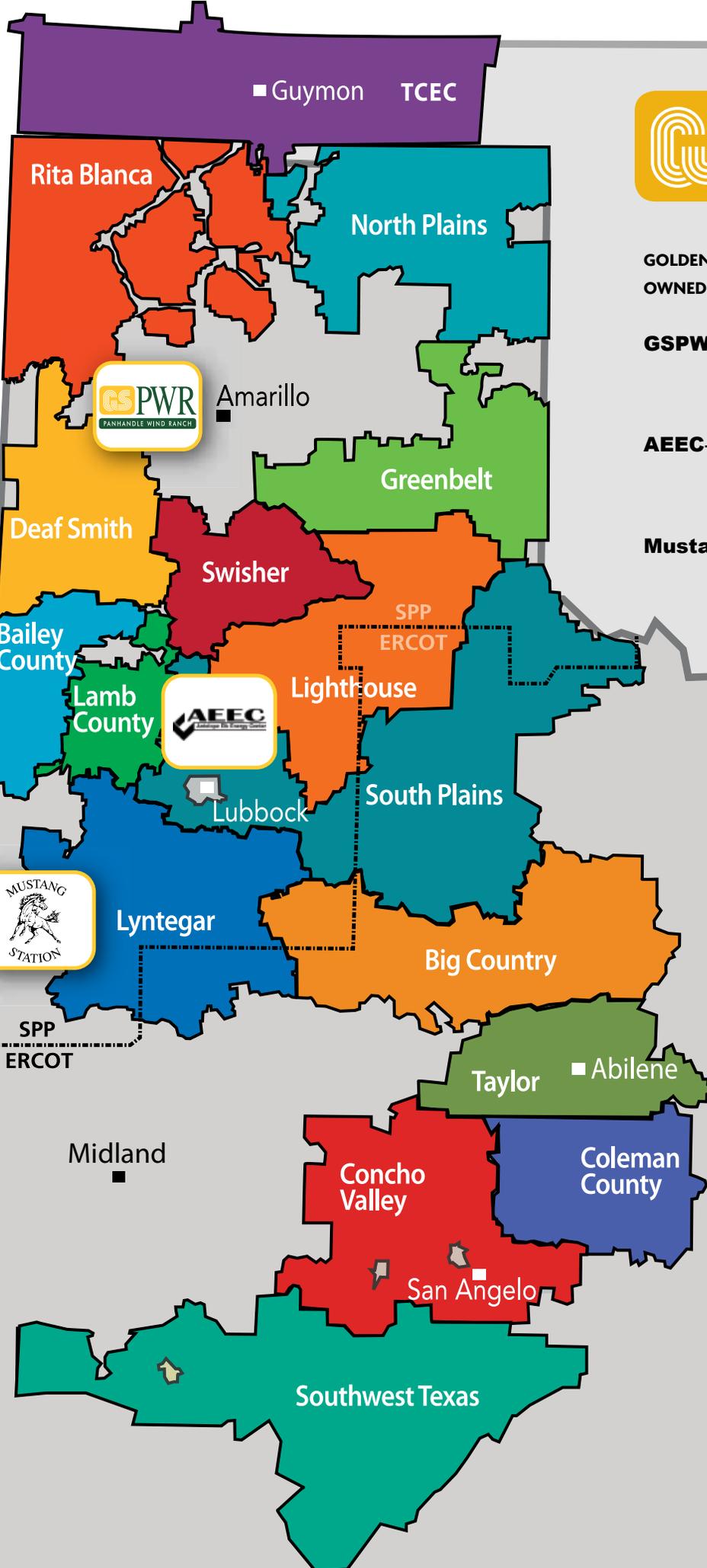
(dollars in thousands)

2021 SUMMARY

	BAILEY COUNTY	BIG COUNTRY	COLEMAN COUNTY	CONCHO VALLEY	DEAF SMITH	GREENBELT
Number of Employees.....	41	59	36	66	58	36
Total Services in Place.....	8,954	18,071	12,986	20,111	17,066	7,093
Miles of Line.....	2,939	5,362	3,790	4,389	4,642	2,604
Peak Demand (kW - NCP).....	82,317	86,139	54,918	86,488	177,733	37,122
Sales (MWh).....	342,697	295,515	128,146	337,773	813,005	201,571
Net Utility Plant.....	\$ 56,031	\$ 73,761	\$ 19,440	\$ 88,802	\$ 45,040	\$ 39,902
Assets.....	\$ 97,647	\$ 104,271	\$ 33,830	\$ 125,005	\$ 131,981	\$ 62,079
Margins Plus Equities.....	\$ 46,972	\$ 57,319	\$ 23,841	\$ 59,313	\$ 109,382	\$ 30,212
Revenues.....	\$ 37,689	\$ 39,521	\$ 14,233	\$ 41,846	\$ 78,002	\$ 23,291
Cost of Purchased Power.....	\$ 24,723	\$ 21,143	\$ 8,626	\$ 24,523	\$ 60,156	\$ 14,894
Interest on Long-Term Debt.....	\$ 1,671	\$ 1,510	\$ 345	\$ 2,000	\$ 113	\$ 1,091
Net Margins.....	\$ 3,060	\$ 4,666	\$ 553	\$ 4,258	\$ 7,336	\$ 912
DSC.....	2.77	3.40	2.20	2.32	29.62	1.49
Equity Ratio (%).....	48.10	54.97	70.50	47.45	83.00	48.67

	LAMB COUNTY	LIGHTHOUSE	LYNTEGAR	NORTH PLAINS	RITA BLANCA	SOUTH PLAINS
Number of Employees.....	40	44	107	49	36	155
Total Services in Place.....	13,495	11,302	26,558	7,460	9,460	80,292
Miles of Line.....	3,281	4,611	7,041	3,823	3,445	10,133
Peak Demand (kW - NCP).....	92,040	122,453	199,315	105,541	154,564	371,242
Sales (MWh).....	338,783	237,475	744,492	373,581	772,317	1,575,600
Net Utility Plant.....	\$ 43,534	\$ 58,777	\$ 176,111	\$ 70,873	\$ 75,268	\$ 284,320
Assets.....	\$ 85,233	\$ 102,938	\$ 277,131	\$ 109,565	\$ 119,494	\$ 472,672
Margins Plus Equities.....	\$ 51,798	\$ 55,340	\$ 143,208	\$ 55,519	\$ 95,905	\$ 203,937
Revenues.....	\$ 36,154	\$ 32,966	\$ 86,565	\$ 41,564	\$ 68,645	\$ 159,999
Cost of Purchased Power.....	\$ 25,417	\$ 21,112	\$ 56,289	\$ 35,155	\$ 53,621	\$ 115,862
Interest on Long-Term Debt.....	\$ 1,153	\$ 1,287	\$ 4,328	\$ 1,241	\$ 382	\$ 6,153
Net Margins.....	\$ 1,116	\$ 1,650	\$ 5,539	\$ (2,935)	\$ 7,552	\$ 3,034
DSC.....	3.28	1.95	1.97	0.48	20.45	1.61
Equity Ratio (%).....	60.77	58.59	51.68	50.70	80.26	43.15

	SOUTHWEST TEXAS	SWISHER	TAYLOR	TCEC	TOTAL
Number of Employees.....	46	37	88	96	994
Total Services in Place.....	14,973	9,778	28,799	21,886	308,284
Miles of Line.....	5,414	3,714	5,102	4,960	75,250
Peak Demand (kW - NCP).....	53,191	56,850	171,980	145,425	1,997,318
Sales (MWh).....	242,717	174,226	356,507	815,270	7,749,675
Net Utility Plant.....	\$ 49,902	\$ 37,710	\$ 142,393	\$ 237,636	1,499,500
Assets.....	\$ 76,815	\$ 72,239	\$ 184,522	\$ 321,399	2,376,821
Margins Plus Equities.....	\$ 56,856	\$ 40,817	\$ 72,890	\$ 96,467	1,199,776
Revenues.....	\$ 27,248	\$ 22,700	\$ 54,853	\$ 99,881	865,157
Cost of Purchased Power.....	\$ 15,627	\$ 14,584	\$ 29,072	\$ 61,665	582,469
Interest on Long-Term Debt.....	\$ 443	\$ 969	\$ 4,178	\$ 10,797	37,661
Net Margins.....	\$ 1,842	\$ 718	\$ 3,295	\$ 1,729	44,325
DSC.....	3.81	1.77	1.86	1.45	5.03
Equity Ratio (%).....	74.02	56.10	39.50	30.01	56.09



**GOLDEN SPREAD ELECTRIC COOPERATIVE, INC.
OWNED POWER GENERATION FACILITIES**

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

AEEC—Antelope Elk Energy Center
Antelope Station (Units 1-18)
Elk Station (Units 1-3)

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

MISSION

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

- Creating opportunities
- Cultivating cooperation
- Navigating industry risk

VISION

TRUSTED, INNOVATIVE and FLEXIBLE, we deliver competitive energy solutions

VALUES

INTEGRITY: Do the right thing for the right reason

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

RESPECT: The Golden Rule



Golden Spread
Electric Cooperative, Inc.

A Touchstone EnergySM Cooperative 