

2021 ANNUAL REPORT



South Plains Electric
Cooperative, Inc.

Your Touchstone Energy® Cooperative





Honoring Marvin Schoepf

Marvin Schoepf began serving the Cooperative and its membership in 1993. Prior to being elected to the Board of Directors, Marvin served on the SPEC Member Services Committee. He was a Credentialed Cooperative Director.

Marvin attended many educational programs at directors' conferences and gained industry insight from attending state, regional and national meetings on behalf of the membership. Marvin retired from the South Plains Electric Cooperative Board of Directors in 2020.

Marvin passed away on January 17, 2022. He was a proud Christian, family man and Crosby County farmer. Marvin was born October 1, 1939, in a farmhouse in Crosby County near Estacado, Texas.

Marvin graduated from Lorenzo High School in 1958, where he met the love of his life, Loreeta Hill. They married on April 10, 1959, and had three

children. In their 62 married years, Marvin and Loreeta built a farming family legacy that has since been passed down to the next two generations, and counting. Farming and family were Marvin's greatest passions.

In addition to his Co-op service, Marvin was the board president of Pleasant Hill Cooperative Gin for numerous years. Additionally, he served as a committee member of the High Plains Underground Water Conservation District as well as the Crosby County Farm Service Agency. He and Loreeta attended the First Baptist Church in Lorenzo.

Marvin was a reflection of all of our Cooperative board members. They work for the best interests of members and employees. They serve diligently and are proud of our Cooperative business and what it means to the communities we serve.

Our thoughts and prayers continue to be with the Schoepf family.

2021 YEAR IN REVIEW

We **BELIEVED** we had lived through the unexpected after we experienced the pandemic of 2020. We had a pandemic Emergency Operations Plan that served as a great foundation. Because we are a locally owned and governed cooperative business, we were able to make decisions daily to keep this essential business operating. We didn't have to consult with board members who were scattered out across the country or worry about returning a profit to distant shareholders. All 12 board members live locally in the communities we serve. They were accessible daily and gave us vital input on how to keep all of our communities safe, while keeping the lights on.

Identifying risks is one of the processes all good businesses constantly execute. Our Emergency Operations Plan outlines procedures for major storms and outages, but what we experienced with **WINTER STORM URI** in February 2021 was, unfortunately, not a risk we had anticipated, at least regarding severity.

We had most of our members off in the ERCOT market (service area off the Caprock) for almost a week. This was unprecedented in the 21 years of ERCOT's existence as a market. Like any accident investigation, as you look back at what happened in the market, you realize it was a convergence of extreme circumstances occurring all at once.

When ERCOT and the Texas Legislature designed the market in the late 1990s, they relied on weather diversity across the state to minimize extreme events. This did not occur during the week of Valentine's Day 2021 because the cold weather covered the entire state and didn't move out for days. No one realized how reliant ERCOT had become on gas-fired power generation and the impact that shedding gas supply during a winter event would have on the entire state and region during a week-long winter event.

The financial impact of Winter Storm Uri will be felt by all South Plains Electric members for the next four years. The Cooperative's increased costs were smaller than most utilities in Texas, but the costs are still significant.

Winter Storm Uri might have jump started the rise in natural gas prices, but several other factors are playing a part, including higher U.S. electricity demand as consumption patterns continue to return to pre-pandemic levels, and the **WAR IN UKRAINE**.

In response to the war, European Union countries have been trying to replace Russian natural gas, which makes up more than 40% of their natural gas consumption, with liquified natural gas (LNG) imports from other countries. The United States is seeing the bulk of that demand, with the Energy Information Administration (EIA) forecasting U.S. LNG exports to average a 23% increase from 2021.

Increasing natural gas prices are pushing up wholesale power prices and, by extension, electric cooperative operating costs. This situation is expected to continue through the year. Wholesale power costs increased 30% from 2020 to 2021, but our members only saw a 16% increase in their

monthly bills. The Cooperative was able to control other expenses to minimize the impact to members. The good news is that your Cooperative finished a challenging year with a positive operating margin of over \$3 million.

We are halfway through 2022, and the May Henry Hub day-ahead natural gas price averaged \$8.07 per million British thermal units (MMBtu), which was nearly 2.8 times the May 2021 average of \$2.91/MMBtu. EIA expects spot prices to continue rising, averaging \$8.59/MMBtu in the second half of this year. NYMEX futures contracts for Henry Hub natural gas are currently trading in the \$8-\$9/MMBtu range until March 2023.

Looking back to the challenges of 2021, our **GROWTH RATE** was 4.76%. We have several growing school districts leading the way for developments south and west of Lubbock. We helped our developers successfully meet the City's impact fee deadlines and continue to work closely with the members of the West Texas Home Builders Association to meet deadlines under supply-chain constraints. We had a 68% increase in new services constructed from 2020 to 2021, and we have 8,700 new services on the books in 2022, so our growth isn't stopping anytime soon.

We have returned over \$53 million in capital credits to our members, and the board will be making a decision for this year after their strategic planning session in September.

We completed another member survey in 2021, and our American Customer Satisfaction Index of 92 shows we have **SATISFIED MEMBERS**. We have earned an ACSI of 92 for six straight years. We also have **ENGAGED MEMBERS**, with 61% self-identifying as a member, not a customer. That's incredible, considering 66% have been on our lines six years or less.

No matter how good our financials look or how well we keep the lights on, no year would be a success if we fail our **LOCAL COMMUNITIES**. We annually support hundreds of activities and events in our local communities because it improves the quality of life for our members. We live in these communities, too.

Even in these challenging times, we are **OPTIMISTIC** about the future for South Plains Electric because we believe in the cooperative business model and the members we serve.



Dale Ancell
General Manager



Bobby Richey
President

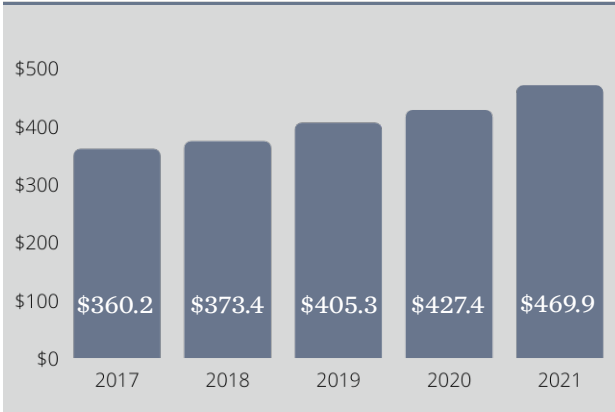
CONDENSED BALANCE STATEMENT

	December 31,	
	2021	2020
ASSETS— <i>What we own</i>		
Total cost of system	\$387,144,167	\$366,526,528
Estimated depreciation	(102,824,330)	(104,622,651)
Net value of system	<u>\$284,319,837</u>	<u>\$261,903,877</u>
Cash/temporary investments	\$13,366,409	\$10,408,556
Investments	130,547,434	129,968,432
Accounts receivable	26,535,628	23,884,049
Value of materials & supplies	22,145	14,976
Advanced payments	<u>15,151,752</u>	<u>1,189,594</u>
TOTAL ASSETS	<u><u>\$469,943,205</u></u>	<u><u>\$427,369,484</u></u>
LIABILITIES— <i>What we owe</i>		
Long-term debt	\$201,990,545	\$173,644,471
Materials, taxes, insurance	50,722,288	36,789,701
Other liabilities & credits	15,817,111	15,577,048
EQUITIES		
Deposits & memberships	\$641,863	\$649,279
Total members' equity	<u>200,771,398</u>	<u>200,708,985</u>
TOTAL LIABILITIES & MEMBERS' EQUITY	<u><u>\$469,943,205</u></u>	<u><u>\$427,369,484</u></u>

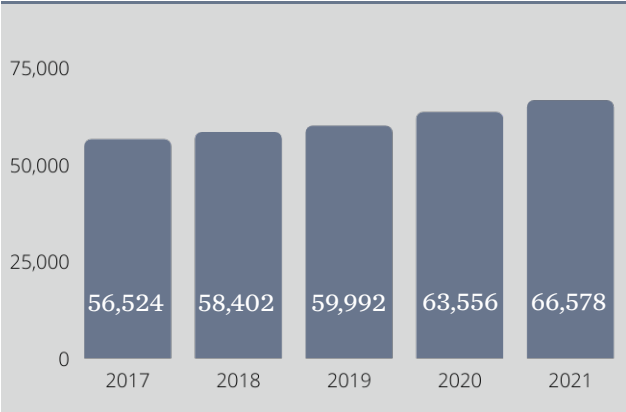
CONDENSED INCOME STATEMENT

	December 31,	
	2021	2020
REVENUES		
Electric energy sold	\$159,999,351	\$139,103,772
TOTAL ELECTRIC REVENUE	<u>\$159,999,351</u>	<u>\$139,103,772</u>
EXPENSES		
Electric power cost	\$115,861,554	\$90,816,715
Operating expenses and taxes	24,446,669	22,748,180
Estimated system depreciation	9,728,273	9,396,839
Interest on long-term debt	<u>6,942,940</u>	<u>6,884,673</u>
TOTAL EXPENSES	<u><u>\$156,979,436</u></u>	<u><u>\$129,846,407</u></u>
OPERATING INCOME (LOSS)	3,019,915	9,257,365
Non-operating income	13,838	10,133,642
NET MARGINS	<u><u>\$3,033,753</u></u>	<u><u>\$19,391,007</u></u>

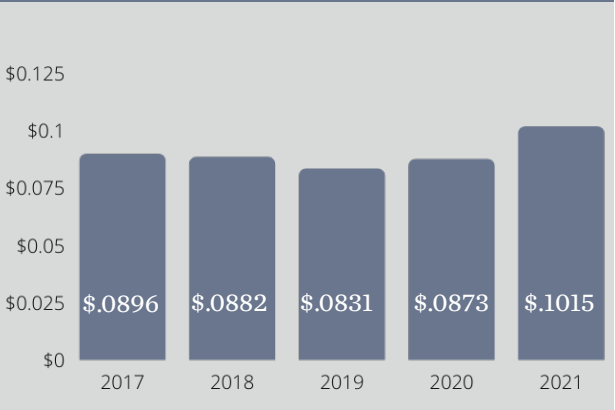
Total Assets *(in millions)*



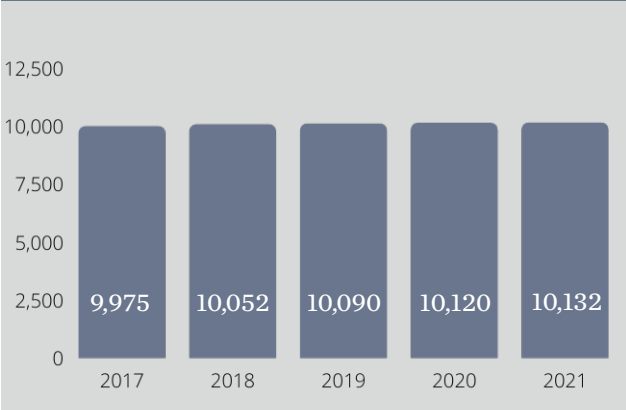
Number of Electric Meters Served



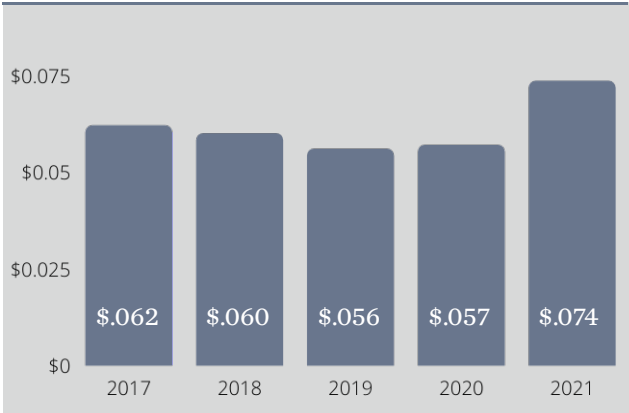
Members' Average Cost Per kWh



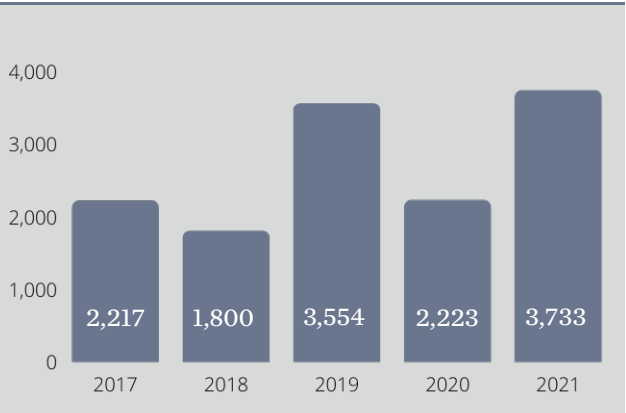
Miles of Line



Wholesale Power Cost Per kWh Sold

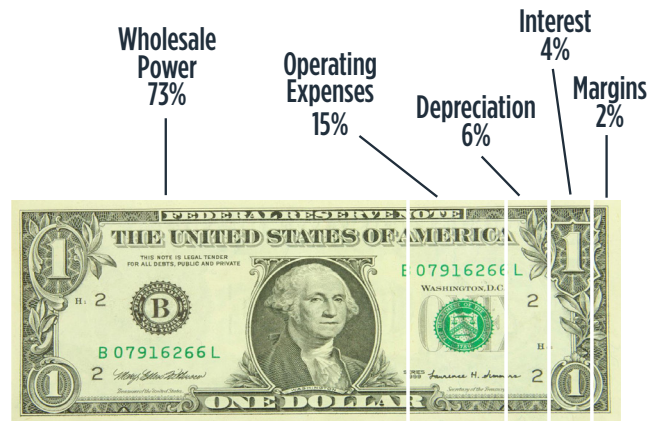
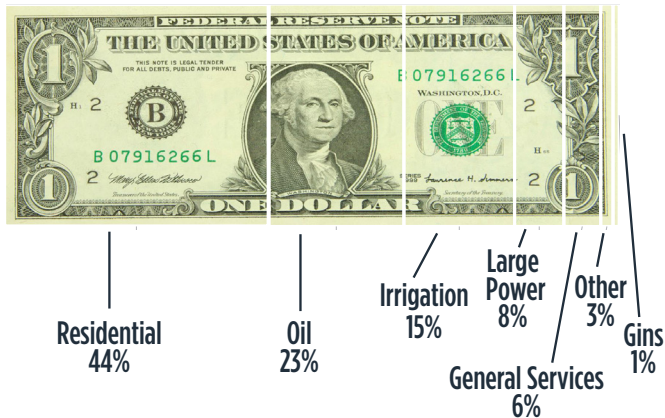


New Services Constructed



Your Dollar at Work in 2021

How your dollar was earned



How your dollar was used

Because South Plains Electric Cooperative operates at cost, any excess revenues, called margins, are returned to members in the form of capital credits, when the Cooperative's finances permit.

SPEC notifies you of how and when you'll receive your capital credits retirement.

5

SPEC tracks how much electricity you buy and how much money you pay for it throughout the year.

1

4

When SPEC's financial condition permits, the board of directors decides to retire, or pay, the capital credits.

South Plains Electric
has retired over
\$53.5 million
to members over
the years.

3

SPEC allocates the margins to members as capital credits, based upon their use of electricity during the year.

2

At the end of the year, SPEC completes financial matters and determines whether there are excess revenues, called margins.

Frequently Asked Questions About Capital Credits

Retiring capital credits is a unique business practice that allows cooperatives to give back margins. That process is just one part of the co-op difference, but oftentimes capital credits are misunderstood. To better educate our members about capital credits, we have listed some frequently asked questions and answers.

Q: What are capital credits?

A: Capital credits are one of the many benefits of co-op membership. As a cost-of-service energy provider, South Plains Electric doesn't earn profits. Instead, co-ops use the term margins, which is revenue remaining at the end of the year after all bills are paid. Capital credits reflect each member's equity in, and contribution of capital to, the cooperative.

Q: What's the difference between allocation and retirement?

A: An allocation is your share of the margins. We set this money aside to use as operating capital for improvements and maintenance; it also helps the co-op meet equity ratios with lenders. A retirement is the amount you receive in a check or as a credit on your bill. It is a percentage of your allocations accumulated over the years.

Q: What happens to the capital credits of a member who dies?

A: It remains in place for the member's heirs. A representative of the estate must keep contact information current with the Co-op.

Q: Why does the cooperative need to accumulate equity?

A: Your equity in the Co-op reduces the need for us to raise rates or borrow as much money to meet expenses. Every business must have equity to continue to survive.

Q: What happens to my capital credits if I move?

A: Your capital credits remain on our books until they are retired. That's why it's important to let us know of any address changes.

Q: Where does the money come from?

A: Co-ops set rates to generate enough money to pay operating costs, make payments on any loans and provide an emergency reserve. At the end of each year, we subtract operating expenses from the operating revenue collected during the year. The balance is called an operating margin.

Q: Are capital credits retired every year?

A: Each year, your board of directors decides whether to retire capital credits, based on the Co-op's financial health. SPEC's ability to retire capital credits reflects the Cooperative's strength and financial stability.

YEAR	ASSIGNED	REFUNDED	BALANCE
1943-1981	\$18,572,994	\$18,572,994	\$ 0
1982	218,729	218,729	0
1983	1,403,483	1,403,483	0
1984	1,374,597	1,374,554	43
1985	350,876	350,876	0
1986	1,056,198	1,056,198	0
1987	1,505,790	844,353	661,437
1988	3,133,657	984,707	2,148,950
1989	2,528,682	202,381	2,326,301
1990	2,736,214	160,788	2,575,426
1991	1,868,144	117,220	1,750,924
1992	1,176,201	1,266	1,174,935
1993	2,464,490	826,855	1,637,635
1994	3,685,766	765,002	2,920,764
1995	1,844,320	581,651	1,262,669
1996	2,029,555	547,448	1,482,107
1997	2,312,246	513,353	1,798,893
1998	2,194,221	518,165	1,676,056
1999	738,480	738,480	0
2000	1,166,968	573,728	593,240
2001	0	0	0
2002	2,220,225	1,203,343	1,016,882
2003	4,342,985	2,865,414	1,477,571
2004	3,983,992	3,119,892	864,100
2005	7,828,773	4,667,172	3,161,601
2006	6,005,292	462,375	5,542,917
2007	8,012,443	559,258	7,453,185
2008	11,591,238	474,402	11,116,836
2009	8,479,828	318,871	8,160,957
2010	9,908,949	71	9,908,878
2011	12,917,854	843,004	12,074,850
2012	13,140,294	1,404	13,138,890
2013	14,348,708	2,001,050	12,347,658
2014	8,048,076	643	8,047,433
2015	5,646,578	0	5,646,578
2016	8,989,661	1,781,244	7,208,417
2017	13,155,788	1,352,340	11,803,448
2018	18,438,405	1,378,901	17,059,504
2019	22,719,738	1,104,798	21,614,940
2020	19,635,322	1,060,361	18,574,961
2021	4,714,250	0	4,714,250

SUBTOTAL \$256,490,013 \$53,546,777 \$202,943,236

Other Comprehensive Income (Loss)..... \$275,279

Other Equities (\$2,447,117)

Members' Equity in the Cooperative..... \$200,771,398

BOARD NOMINEES FOR 2022

Local People Serving Your Local Cooperative

Joe McFerrin

District 1 Nominee | Cotton Center

Education: Cotton Center High School graduate; Texas Tech University graduate.

Current Occupation: Has been in the farming business for 53 years.

Family: His wife is Linda, and they have six children and 17 grandchildren. The McFerrins are member of the First Baptist Church in Cotton Center.

Qualifications and Experience: Joe has served on the South Plains Electric Cooperative board for three years and is a Credentialed Cooperative Director as certified by NRECA. Joe currently serves on the Hale County Stock Show Board and is on the Board of Trustees at Wayland Baptist University. He is also a member of the Cotton Center Lion's Club. Additionally, Joe is a former board member for Cotton Center ISD.

Danny Stanton

District 2 Nominee | Shallowater

Education: Shallowater High School graduate; South Plains College graduate with an associate degree in agriculture and applied science.

Current Occupation: Has been farming for 51 years.

Family: His wife is Sherry, and they have three children, Hollie, Dan and Craig, and five grandchildren.

Qualifications and Experience: Danny has served on the South Plains Electric Cooperative Board for 31 years, is a Credentialed Cooperative Director as certified by NRECA and has successfully completed courses on Director Duties and Liabilities, Understanding Financial Planning and Understanding the Electric Business. He has also served on the Lubbock County Farm Bureau Board, the Shallowater Co-op Gin Board, the Citizens Co-op Gin Board and the PYCO Industries Advisory Board.

Benny Nixon

District 8 Nominee | Lubbock

Education: Cotton Center High School graduate; Texas Tech University graduate with a Bachelor of Business Administration.

Current Occupation: Owns Commercial Property Services and has been involved in commercial real estate for 46 years.

Family: His wife is Vicki, and they have three children. The Nixons are members of the First Baptist Church in Lubbock.

Qualifications and Experience: Benny has served on the South Plains Electric Cooperative Board for 35 years and has successfully completed National Rural Electric Cooperative Association courses. In addition to his Co-op service, Benny is a member of the Red Raider Club and the Texas Tech Alumni Association. He is a past member of the Texas Tech Athletic Council, the Texas Tech University System Chancellor's Council and Southwest Lubbock Rotary. Benny is a graduate of Leadership Lubbock.

Scott Martin

District 10 Nominee | Spur

Education: Plano East Senior High School graduate; Texas Tech University graduate with a Bachelor of Science in Agricultural and Applied Economics and General Business Administration.

Current Occupation: Farm and ranch owner of 25 years, cattle and farm equipment inspector and appraiser, and co-owner of DC Auto.

Family: His wife is Lisa, and they have one daughter, Tristen. The Martins are members of the Spur Church of Christ.

Qualifications and Experience: Scott has served on the South Plains Electric Cooperative Board for six years, is a Credentialed Cooperative Director as certified by NRECA and earned his NRECA Board Leadership and Director Gold certifications. He is a board member for Workforce Solutions of the South Plains and is a member of the Texas Tech Alumni Association. He is a former member of the Spur Volunteer Fire Department, the Dickens County Junior Livestock Show Committee, and the Dickens County 4-H Horse Club Committee.



District 1
Joe McFerrin

Cotton Center
Term expires 2022



District 2
Danny Stanton

Vice President
Shallowater
Term expires 2022



District 3
Rynn Truett

Assistant Secretary-Treasurer
Idalou
Term expires 2024



District 4
Lloyd Arthur

Ralls
Term expires 2023



District 5
Bobby Richey

President
Wolforth
Term expires 2024



District 6
David Gossett

Slaton
Term expires 2023



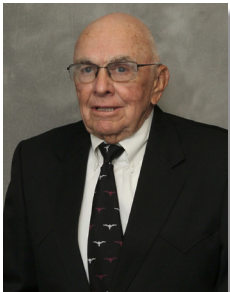
District 7
R.D. McCallister

Acuff
Term expires 2024



District 8
Benny Nixon

Lubbock
Term expires 2022



District 9
Glenn Jones

Spur
Term expires 2023



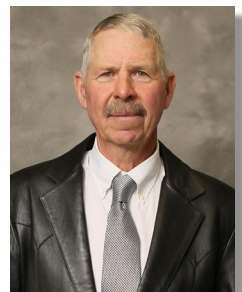
District 10
Scott Martin

Secretary-Treasurer
Spur
Term expires 2022



District 11
Larry Browning

Childress
Term expires 2023



District 12
Brent Whitaker

Childress
Term expires 2024

THE BOARD OF DIRECTORS IS COMMITTED TO SERVING YOU

As the utility industry enters an area of change, when people have more choices for the way they receive electricity, it is critically important that we hear your voice. Through active engagement and participation of the membership, the Co-op can ensure it is leading in a direction that the members will want to follow.

In addition to ensuring the Co-op serves in the best interests of its members, the board is committed to keeping our local communities vibrant. Being a Co-op board member requires a real commitment of time and effort and an attitude of being a servant leader, meaning board members should want to engage and make a real contribution to the membership and community.



OPERATION ROUND-UP

Neighbors helping Neighbors

Operation Round Up has disbursed more than \$1 million to local organizations and individuals since its inception in 1993. More than \$91,000 was disbursed in 2021 alone.

What is Operation Round Up?

This innovative program is a community outreach project that helps local organizations and individuals who need a hand up, not a hand out.

The money in the fund comes from members of South Plains Electric Cooperative who round up their monthly bill to the nearest dollar. When enrolled, the billing program automatically rounds up your monthly bill and deposits the difference into the Operation Round Up account. The average annual contribution is only \$6 per meter (and it's tax deductible)!

Ten members, your neighbors,

sit on the Operation Round Up Board. They review applications and approve grants. They are also the eyes and ears in your community for potential projects.

Your contribution can:

- provide teacher mini-grants;
- buy food for families in need;
- help with medical emergencies;
- help rebuild a family's life after a fire;
- award scholarships;
- award community grants
- make a life tragedy less traumatic.

Operation Round Up is about neighbors helping neighbors.



Financial Statement South Plains Electric Trust Year Ending 2021

Beginning balance 1/1/21.....	\$119,237.44
2021 member deposits	\$154,948.03
Employee & SPEC donations.....	\$29,503.95
Interest income.....	\$68.94
Checks issued.....	\$91,801.01
Balance 12/31/21.....	\$211,957.35

Board of Trustees

Ginger Wetzel, Ransom Canyon, Pres.
 Patricia Reynolds, Lubbock, VP
 Brenda Karr, Dickens, Treas.
 Rita Tucker, Paducah, Sec.
 Angela Arthur, Ralls
 Kyle Benson, Hale Center
 Cindy Buxkemper, Lubbock
 Tracey Gregory, Lubbock
 Amanda Potter, Shallowater
 Ineta Cannon, Spur

YOUTH TOUR EXPERIENCE

“A TRIP OF A LIFETIME”



High school juniors and seniors competed in three local contests for a chance to win an all-expense-paid trip to Washington, D.C., from June 12-21, 2022. The students created a video answering the question “How would your life and the world change if electricity no longer existed?” Finalists were chosen and then interviewed with a panel of judges to convincingly explain why they should represent South Plains Electric Cooperative. The students were also asked questions on their cooperative knowledge. The four students representing South Plains Electric Cooperative joined about 150 other Texas youth before heading out to Washington. The Texas contingency was part of more than 1,600 young adults from across the nation who participated in the annual Youth Tour.

The four students representing South Plains Electric Cooperative for 2022 are pictured (picture A) in Washington, D.C. They are, from left to right: AJ Kendrick, Shallowater; Tristen Martin, Spur; Reagan Dennis, Idalou; Hudson Franks, Idalou.

If you are interested in attending next year, look for entry information in September at SPEC.coop and on Facebook. You can also call Youth Tour Program Director Jill Reece at 806.775.7809 or email her at jreece@SPEC.coop.



Membership's Validation of Co-op's Service Efforts

South Plains Electric Cooperative received its American Customer Satisfaction Index score of 92, on a scale of 0-100, for the member survey conducted from September 27 through October 19, 2021, and the results are impressive. The Co-op also earned an ACSI score of 92 on the 2019 and 2017 member surveys and is proud to know we are still delivering superior member service to a growing and changing member demographic. How we take care of our members every day is what sets us apart from other utilities.

South Plains Electric Cooperative scored 19 points higher than the Cooperative Utility score of 73, 18 points higher than Investor-Owned Utilities of 74 and 17 points higher than Municipal Utilities of 75, per the 2021 ACSI Utility Sector Report.

Our score is also 13 points higher than the airline industry and 11 points higher than the fast-food industry, based on 2021 ACSI reports.

The ACSI is the only national cross-industry measure of customer satisfaction in the United States. Each year, the ACSI uses data from interviews with roughly 300,000 customers as inputs to an econometric model for analyzing customer satisfaction with more than 400 companies in 46

industries and 10 economic sectors.

Members are happy with their Cooperative's reliability and member service and believe the Cooperative is doing a great job overall. Member identification is at an all-time high of 61%. A total of 91% say Co-op employees are knowledgeable and helpful.

Member awareness marches upward the more years a person has been on Co-op lines. More than two-thirds (61%) of people who have been members for at least 11 years self identify as members.

These numbers confirm the importance of educating consumers about the value of being a member. When members embrace their member identity and relationship to the Cooperative, it helps build trust, loyalty and support for the Co-op as it works to achieve strategic objectives.

In past surveys, South Plains Electric Cooperative members have asked for more electronic communications, and we now have an e-newsletter that goes out monthly. Members have been able to text in outages for several years, and we have expanded that platform to communicate with new members.

The 2021 survey continues to support the Cooperative using these communication tools. Interestingly, in today's tech-savvy society,

members still want the Co-op to communicate with them via direct mail and Texas Co-op Power magazine. We will continue to keep our traditional communication methods.

The one-size-fits-all method of communications is not today's reality. The Co-op must diversify its communication channels to meet our members in the space and time that best fits their schedules. E-newsletters, the SPEC App, social media and texting are parts of our communications toolbox but won't replace having local offices in our communities and someone to answer calls 24/7.

Touchstone Energy Cooperatives have been the gold standard, and we strive to be best in class when it comes to member satisfaction. We are pleased with our Cooperative's performance this year and are happy that our members feel the same.

Touchstone Energy® Cooperatives is a national network of electric cooperatives across 46 states that provides resources and leverages partnerships to help member cooperatives and their employees better engage and serve their members. By working together, Touchstone Energy Cooperatives stand as a source of power and information to their 32 million member-owners every day.

— Everyone likes getting a —

GREAT

REPORT CARD



We'd like to thank our members for helping us score a "92" in the recent American Customer Satisfaction* Index. Your feedback puts South Plains Electric Cooperative a full 18 points higher than the utility industry average.

Even though ACSI recognizes "customer" satisfaction, South Plains Electric members are, in fact, "owners." That's an important distinction. And it's why we strive to provide a level of service that's second to none.

Naturally, we're honored. But it won't go to our head. We'll remain the dependable source of electricity our members never have to think twice about.



South Plains Electric Cooperative, Inc.

Your Touchstone Energy® Cooperative 

We Work For You!



*Touchstone Energy ACSI member ratings using the ACSI customer satisfaction survey questions are compared to the ACSI ratings of residential customers of the U.S. largest investor-owned energy utilities.



AFFORDABLE, RELIABLE POWER

South Plains Electric Cooperative is connected to both power grids in Texas—the Southwest Power Pool and the Electric Reliability Council of Texas. Access to both grids keeps your rates low and service reliability high.

SPEC's wholesale power comes from two generation and transmission co-ops: Golden Spread Electric Cooperative, headquartered in Amarillo, and Brazos Electric Power Cooperative, headquartered in Waco.

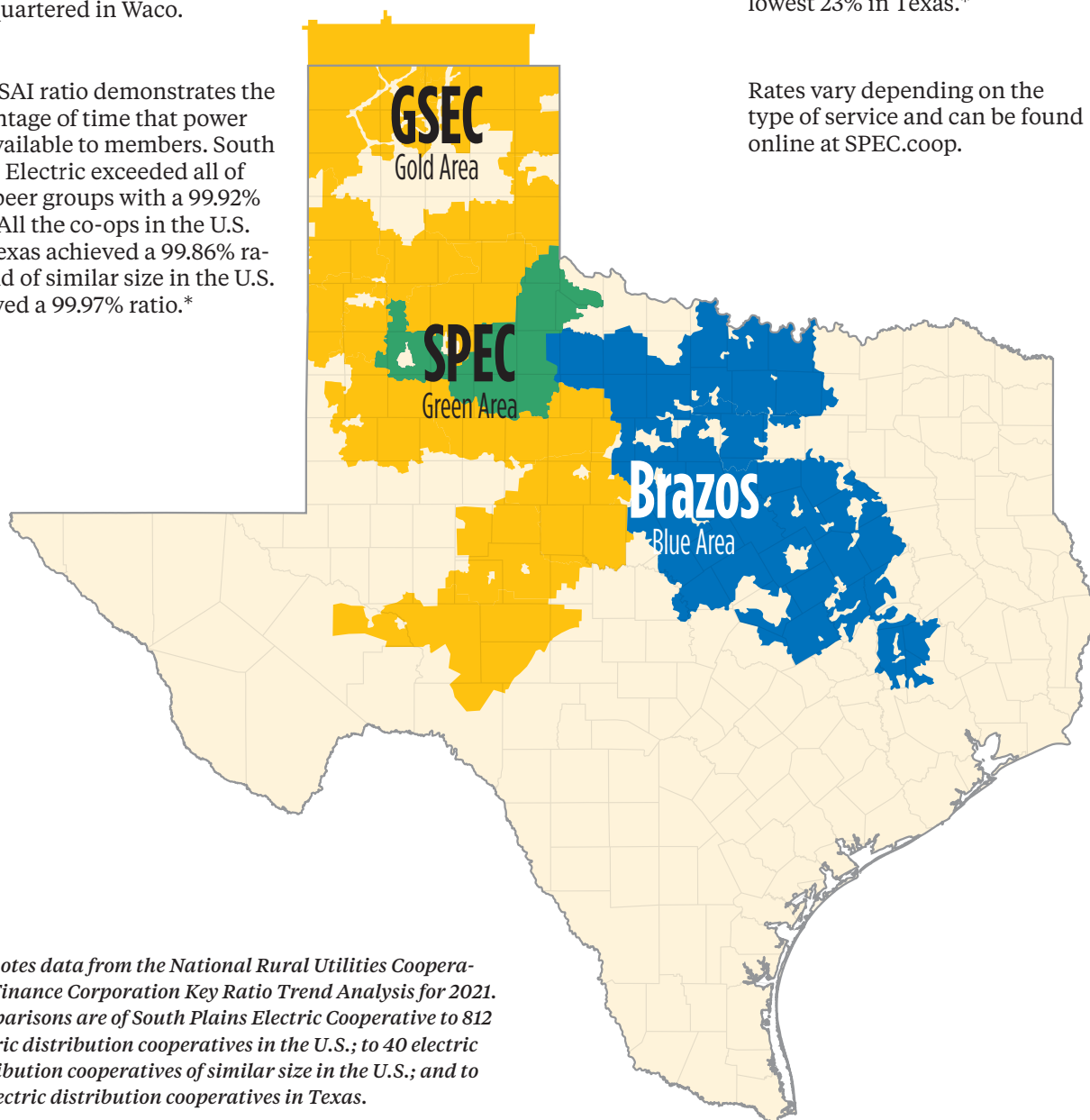
The ASAI ratio demonstrates the percentage of time that power was available to members. South Plains Electric exceeded all of their peer groups with a 99.92% ratio. All the co-ops in the U.S. and Texas achieved a 99.86% ratio, and of similar size in the U.S. achieved a 99.97% ratio.*

South Plains Electric knows how to keep the lights on. Its distribution system is among the largest 3% in the U.S., and large, rural cooperatives often experience high SAIDI ratios. SAIDI numbers represent the total minutes that service was interrupted during a given year. SPEC's SAIDI system value is 400 minutes, and is the lowest 72% in the U.S., the lowest 60% of similar size in the U.S., and among the lowest 30% in Texas.

Large commercial members benefit from South Plains Electric's extremely competitive rates. SPEC is in the lowest 7% in the U.S., #4 lowest of similar size in the U.S., and among the lowest 3% in Texas.*

South Plains Electric is proud of how it compares to other cooperatives on overall electric rates. SPEC is in the lowest 22% in the U.S., the 10th lowest of similar size in the U.S., and among the lowest 23% in Texas.*

Rates vary depending on the type of service and can be found online at SPEC.coop.



** Denotes data from the National Rural Utilities Cooperative Finance Corporation Key Ratio Trend Analysis for 2021. Comparisons are of South Plains Electric Cooperative to 812 electric distribution cooperatives in the U.S.; to 40 electric distribution cooperatives of similar size in the U.S.; and to 60 electric distribution cooperatives in Texas.*

HELPING WEST TEXAS GROW

South Plains Electric Cooperative is a vital part of the growth on the South Plains and Rolling Plains of Texas. Total utility plant investment is \$387,144,000, ranking them in the top 9% in the U.S., #13 of similar size in the U.S., and #12 of co-ops in Texas.*

Growth is a sign of health for South Plains Electric Cooperative. Most electric co-ops in the U.S. have an average growth expectation of around ½ of 1% annually. SPEC experienced 5.13% growth in 2021, making them the 22nd fastest-growing co-op in the U.S., #3 of similar size in the U.S., and #6 in Texas.*

South Plains Electric is serving the tremendous residential growth around Lubbock with extremely competitive residential rates. SPEC is in the lowest 18% in the U.S., #10 lowest of similar size in the U.S., and #15 lowest in Texas.*

South Plains Electric is among the largest 3% of distribution grids in the U.S., with over 10,000 miles of line. Even considering this, they rank in the 10th percentile in line loss in the U.S. and among the lowest 20% of similar size in the U.S.* Line loss is when electricity dissipates as it travels over power lines, similar to water evaporating.

South Plains Electric has 65,191 connected meters, ranking them among the largest 8% in the U.S., #32 largest of similar size in the U.S., and #11 largest in Texas.*

South Plains Electric has 6,600 square miles of service area and 10,133 miles of line. This is enough line to stretch from Los Angeles to New York City 3½ times! The Cooperative is among the largest 3% in the U.S., #5 of similar size in the U.S., and #5 in Texas.*

South Plains Electric keeps rates low by controlling operations and maintenance expenses. SPEC is among the lowest 8% in the U.S., #5 lowest of similar size in the U.S., and #7 lowest in Texas.*

Another way South Plains Electric keeps rates low is by controlling administrative and general expenses. SPEC is in the lowest 24% in the U.S., among the lowest 40% of similar size in the U.S., and among the lowest 33% in Texas.*

South Plains Electric operates efficiently with all controllable expenses making up only 15% of its total expenses. SPEC is among the 10% lowest in the U.S., 6th lowest of similar size in the U.S., and 10th lowest in Texas.*

Seventy-two cents of every dollar a member pays the Cooperative is used to purchase wholesale power. The Co-op operates the day-to-day business on the remaining \$0.28. This places SPEC's power costs per kWh among the lowest 60% nationally, #17 lowest of similar size in the U.S., and #32 lowest in Texas.*

South Plains Electric Cooperative, and all cooperatives, abide by The Seven Cooperative Principles: Voluntary and Open Membership, Democratic Member Control, Members' Economic Participation, Autonomy and Independence, Education, Training and Information, Cooperation among Cooperatives and Concern for Community.



YOUR SOURCE FOR Power and Information

A unique characteristic of co-ops is that we do not have customers—we have members. A major member benefit is capital credits, which are margins credited to members based on their purchases. The Cooperative has returned over \$53.5 million in cash to members for capital credits.

South Plains Electric, a Touchstone Energy® Cooperative, serves members in all or parts of 18 Texas counties, including Childress, Cottle, Crosby, Dickens, Floyd, Foard, Garza, Hale, Hall, Hardeman, Hockley, Kent, King, Lamb, Lubbock, Lynn, Motley and Stonewall.

Members gave South Plains Electric a score of 92 on the American Customer Satisfaction Index 2021 survey. SPEC is proud to consistently deliver superior member service to a growing and changing member demographic. How the Co-op cares for its members is what sets it apart from other utilities.

SPEC demonstrates its Concern for Community in a variety of ways, including giving scholarships to local high school seniors, awarding mini-grants to teachers who teach at local schools, teaching safety to students at our 4th grade safety demonstrations, sending students on the Government-in-Action Youth Tour, participating in countless walks for charities, running a United Way employee campaign, sponsoring youth sports and much more.

South Plains Electric's employees have a heart for service, and their efforts are key to efficiently operating the Cooperative. Most co-ops strive to have one employee for every 250 members. SPEC has a considerably better ratio at one employee for every 403 members.* The Co-op utilizes technology for efficiency and contractors for short-term projects. Keeping full-time employee numbers down keeps rates low, giving members more “bang for their buck”!

**Refer to page 14.*

