

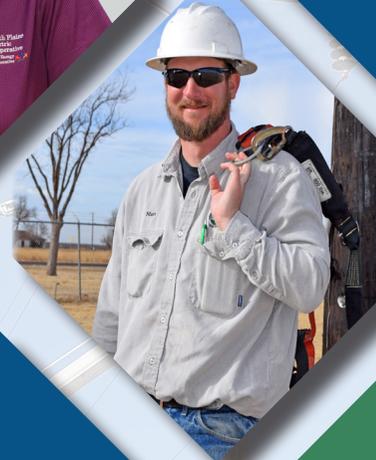


South Plains Electric
Cooperative, Inc.

Your Touchstone Energy® Cooperative



2019 Annual Report



Committed to *Service*





Honoring Tommy Joines

Tommy Joines began serving the Cooperative and its membership in 1980. Prior to being elected to the board of directors, Tommy and his wife, Beverly, served five years on the SPEC Member Services Committee. He was elected as board vice president in 1982 and board president in 1985.

Tommy attended many educational programs at directors' conferences and gained industry insight from attending state, regional and national meetings on behalf of the membership. He also served as a board representative on the Golden Spread Electric Cooperative Board of Directors from 1985-2019. Tommy retired from the South Plains Electric Cooperative Board of Directors on September 10, 2019.

Tommy passed away on November 7, 2019. He was an amazing and loving husband, father, grandfather, and brother and was loved very much by his family, friends, colleagues, and loyal hands. Tommy was born April 24, 1934, in Caddo, Oklahoma, to W.T. and Lottie Joines and moved to the Slaton area in 1944.

Tommy married Beverly when they were just 18 and 16 years old. They began their life together

in Slaton. At the age of 30, he was given the opportunity to farm in the Cotton Center area, and his operation continues today with the help of his loyal hands, friends, and family. He taught his family not to be boastful, to never be afraid to get your hands dirty, and that most problems can be solved with a simple calculator and a turn row.

Tommy and Beverly shared 67 years together and raised two daughters, Robin and Karen. He enjoyed spending time with his eight grandchildren and six great-grandchildren.

In addition to his Co-op service, Tommy was a board member for Cotton Center Water Department, and he and Beverly attended the First Baptist Church in Cotton Center.

Tommy 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 Joines Family.

2019 YEAR IN REVIEW

If someone asked you to tell them, in one word, why South Plains Electric Cooperative is in business, how would you answer?

I hope this would be a hard question for you to answer, not because you don't know, but because it would be so hard to pick just **ONE** word.

Would you say **ELECTRICITY**? Makes sense because that's our core product.

Would you say **AFFORDABILITY**? Another good answer because we sell our electricity at cost, not for a profit, as only a cooperative business can. Sixty-seven cents of every dollar you sent to the Co-op in 2019 went straight to buying your power. We covered all of the other expenses to operate your Co-op on the remaining 33¢, even with a 51% increase in new services constructed.

South Plains Electric is locally-owned and managed, so it's easy for the Board of Directors to make quick decisions when situations arise, like when natural gas prices went negative for a period in 2019. Even though the Co-op's expenses were rising to cover the tremendous growth, our members paid 6% less for the power they consumed than they did in 2018.

What we call "load diversity" also factors into keeping rates consistently low while we are growing. If you look at page 11, it shows the different groups of members and how much they contribute to the Co-op. Less than 30 years ago, South Plains Electric was comprised of about a third irrigation, a third residential and a third of all the other member types. Today, our residential members represent 41% and irrigation is only 15%. Improving technologies have increased our oil load to 27% compared to 11% less than 30 years ago. Load diversity, especially the increase in residential and small commercial, helps us buy a consistent amount of power month to month, offsetting the highs of hot summers with the lows of winter. Consistency keeps the overall cost of power down.

Would you say **CASHBACK**? If there is any revenue left over after paying all of our bills, it's assigned back to every member, based on the amount of electricity they consumed, and is called capital credits. In the past 17 years, we've only missed sending cash back to our members one year. All total, we've returned over \$45 million in capital credits, in cash, back to our members. South Plains Electric ended 2019 with over \$6 million in operating income, and the board will decide about a capital credits refund to members in the next few months.

Would you say **RELIABILITY**? Right again! Even with the sometimes harsh West Texas weather causing outages, our people are quick to respond and restore power, and for the larger outages, we keep you updated on our website and Facebook.

Would you say **COMMUNITY**? If you did, you must be a member who has seen our signs at Little League fields, our ads in the school athletic programs, our tee box signs at fundraising events for other nonprofits, our employees at Relay for Life, or your kid was a Youth Tour or Operation Round Up Scholarship recipient. New communities are at the heart of our growth. The once rural school districts are now charged with keeping up with suburban migration. First a school is built, then homes pop up surrounding the school, followed by the businesses to support the new community. Large apartment complexes are also changing the suburban landscape. We love being the locally-owned, neighborhood utility facilitating this growth. It's our honor and responsibility to support our local communities.

Would you say **SERVICE**? That answer really makes me smile because I'm so proud of our employee group! Over the past five years, we've said good-bye to many long-time employees as they departed to enjoy retirement. If I'm being honest, the thought of losing 30 or 40 years of experience with every retirement costs me some sleep. We've hired people who exhibited and understood our heart for service. I'm proud to report that we have an outstanding, next generation of employees who are eager to grow with the Co-op and to continue delivering outstanding member service.

If someone asked me for one word to describe the Co-op, I would have to say **PEOPLE**. We sell electricity, but we are first and foremost in the people business. South Plains Electric Cooperative would be nothing without the people we serve—our members. Our members would not enjoy affordable rates and reliable service without the people employed at the Co-op. South Plains Electric would not be as financially sound if it were not for great leaders like the one we lost last year, Tommy Joines.

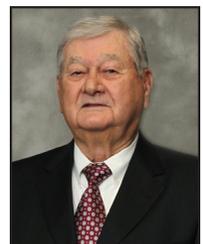
Retirements at the board level are reflecting the employee retirements. We are watching vast amounts of knowledge and experience depart the boardroom, but the members are electing people who exhibit and understand our heart for service, and I'm sleeping pretty good these nights.

—Dale Anzell

DALE ANCELL
General Manager



Bobby Richey
President



South Plains Electric Cooperative and Subsidiaries

CONDENSED BALANCE SHEET

December 31,

	2019	2018
ASSETS—What we own		
Total cost of system	\$362,584,329	\$337,025,355
Estimated depreciation	(101,937,788)	(96,492,409)
Net value of system	\$260,646,541	\$240,532,946
Cash/temporary investments	\$8,499,692	\$6,570,941
Investments	120,783,898	109,105,270
Accounts receivable	14,201,609	16,141,081
Value of materials & supplies	30,593	16,771
Advanced payments	1,131,798	1,056,715
TOTAL ASSETS	\$405,294,131	\$373,423,724
LIABILITIES—What we owe		
Long-term debt	\$164,645,876	\$169,311,760
Materials, taxes, insurance	39,224,979	21,608,155
Other liabilities & credits	14,103,666	12,929,428
EQUITIES		
Deposits & memberships	\$884,765	\$814,877
Total members' equity	186,434,845	168,759,504
TOTAL LIABILITIES & MEMBERS' EQUITY	\$405,294,131	\$373,423,724

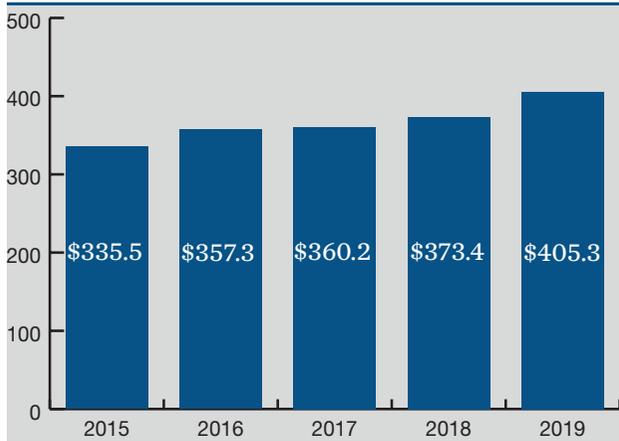
South Plains Electric Cooperative and Subsidiaries

CONDENSED INCOME STATEMENT

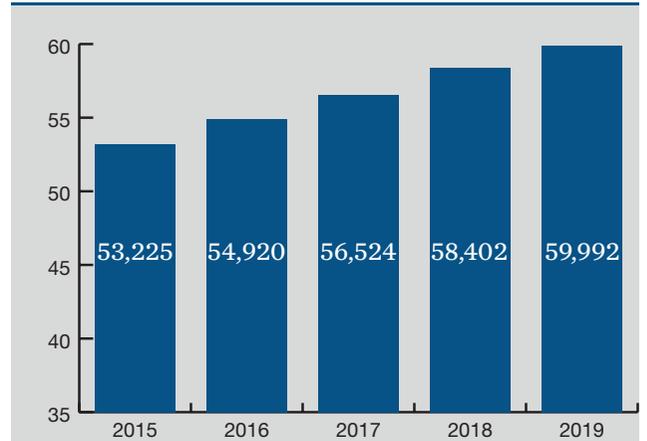
December 31,

	2019	2018
REVENUES		
Electric energy sold	\$135,045,046	\$147,558,159
TOTAL ELECTRIC REVENUE	\$135,045,046	\$147,558,159
EXPENSES		
Electric power cost	\$90,325,739	\$99,933,332
Operating expenses and taxes	20,549,710	20,569,462
Estimated system depreciation	10,468,586	10,804,174
Interest on long-term debt	7,439,530	6,982,430
TOTAL EXPENSES	\$128,783,565	\$138,289,398
OPERATING INCOME (LOSS)	6,261,481	9,268,761
Non-operating income	15,863,495	9,249,353
NET MARGINS	\$22,124,976	\$18,518,114

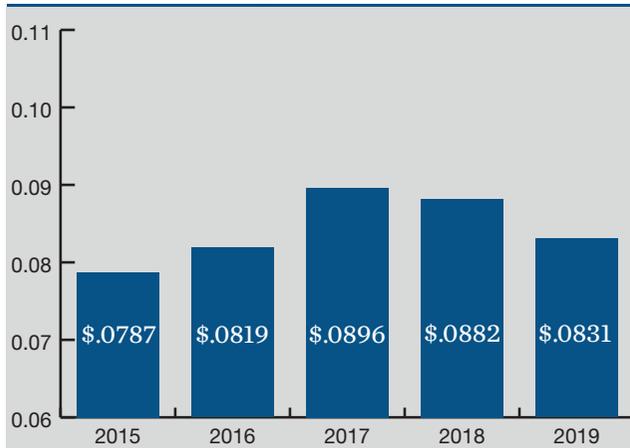
Total Assets *(in millions)*



Number of Electric Meters Served



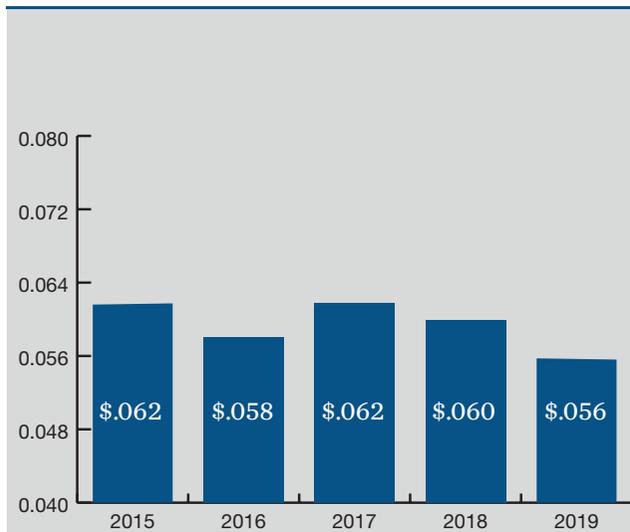
Members' Average Cost Per kWh



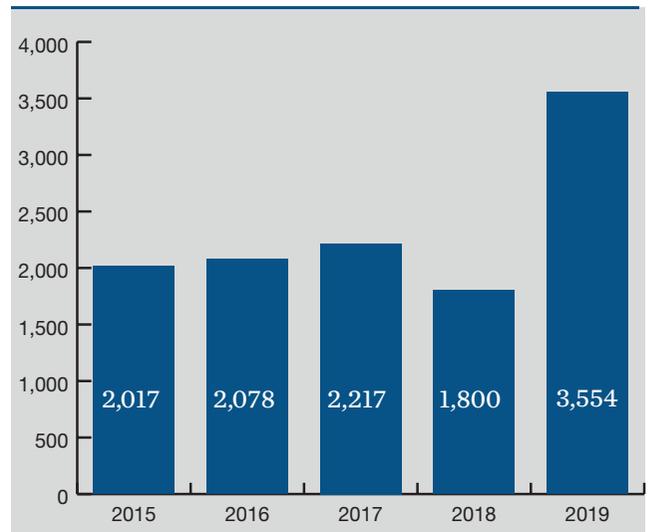
Miles of Line



Wholesale Power Cost Per kWh Sold



New Services Constructed



BOARD NOMINEES FOR 2020

Local People Serving Your Local Cooperative



Lloyd Arthur

District 4 Nominee | Ralls

Education: Ralls High School graduate; attended Western Texas College and Texas Tech University

Current Occupation: farmer

Family: his wife is Angela

and they have four children: David, Brady, MaKayla and Jadeyn. The Arthurs are members of the First United Methodist Church in Ralls.

Qualifications and Experience: Lloyd has served on several boards and committees, including: Crosby County Crops for nine years, Rio Blanco SWCD for eight years, Crosby County NRCS for eight years, Cotton Incorporated for 13 years, Crosby County Farm Bureau for 13 years, and Texas Farm Bureau for three years where he served as vice president. Lloyd says these experiences have given him the knowledge and education needed to serve the SPEC membership.



David Gossett

District 6 Nominee | Slaton

Education: Slaton High School graduate; attended West Texas State University and Texas Tech University

Current Occupation: farmer/ag chemical dealer

Family: his wife is Kathy, and they have two children. The Gossetts are members of the First Baptist Church of Slaton where he serves as a deacon.

Qualifications and Experience: David has served on the South Plains Electric Cooperative Board for six years and is a Credentialed Cooperative Director as certified by NRECA. He has also served on the Slaton ISD Board of Trustees for 16 years and served as board chairman for 13 years. David served on the Slaton Co-op Gin Board for more than 20 years and is currently serving as board chairman.



Glenn Jones

District 9 Nominee | Spur

Education: Crosbyton High School graduate

Current Occupation: rancher and retired from the Texas Department of Criminal Justice

Family: his wife is Leanora, and they have two children. The Joneses are members of the Crosbyton Church of Christ.

Qualifications and Experience: Glenn served 17 years on the former Dickens Electric Cooperative Board as vice president. Since Dickens EC merged with South Plains Electric Cooperative in 1999, Glenn has continued to serve the membership on the board. He is a Credentialed Cooperative Director as certified by NRECA and has his NRECA Board Leadership Certificate. He has also served on the Brazos Electric Cooperative Board for over 17 years and served on the San Miguel Electric Cooperative Board.



Larry Browning

District 11 Nominee | Childress

Education: Childress High School graduate; Tarleton State University graduate with a B.S. in Agriculture.

Current Occupation: rancher

Family: his wife is Lesa. They have

two daughters: Amanda and Emily. Amanda and Emily are graduates of West Texas A&M University.

Qualifications and Experience: Larry has served on the South Plains Electric Cooperative Board for 12 years. In addition to his Co-op service, Larry is a past member of the Childress ISD School Board, has served and organized Ag Day on the Childress County Ag Committee, is involved with 4-H and FFA and has served as an adult horse judging team leader.



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 2021



District 4
Marvin Schoepf

Lorenzo
Term expires 2020



District 5
Bobby Richey

President
Wolforth
Term expires 2021



District 6
David Gossett

Slaton
Term expires 2020



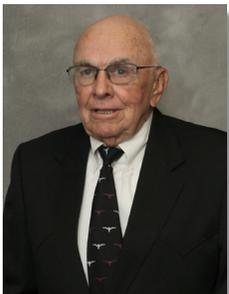
District 7
R.D. McCallister

Acuff
Term expires 2021



District 8
Benny Nixon

Lubbock
Term expires 2022



District 9
Glenn Jones

Spur
Term expires 2020



District 10
Scott Martin

Secretary-Treasurer
Spur
Term expires 2022



District 11
Larry Browning

Childress
Term expires 2020



District 12
Ken Harris

Kirkland
Term expires 2021

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 and the voices of the most diverse group of members. 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.

ABOUT CAPITAL CREDITS

As a member of an electric cooperative, you receive not only a needed service but a benefit reserved for owners of a company—a return on your investment. This happens through “capital credits.”

Capital credits come from the money left over after all expenses are paid in a given year. At the end of the year, that money is credited to each member’s account according to the amount of electricity purchased. Assigning capital credits to members, instead of paying dividends to distant stockholders, is just part of the accountability your Cooperative offers you.

The credit remains on the utility’s books for a time and is used as a sort of interest-free loan from the members, who benefit by not having to pay interest on money borrowed from an outside source. When the Cooperative’s finances permit, that money is returned to members in the form of capital credits.

Looking Out For You

Unlike many other businesses, cooperatives do not have shareholders who expect to make money from the operation of the company. Instead, consumers of a cooperative are member-owners of the company.

The primary objective of an investor-owned company is to make a profit. An electric cooperative is different. It is a not-for-profit business that exists solely to provide its members with electricity.

In a cooperative, net margins don’t belong to the company; they belong to the individual members paying their monthly service bills. In effect, the members are the shareholders.

Why Not Just Break Even?

Since the Cooperative assigns any leftover money back to the members, it seems like we should

establish a budget to merely break even every year. However, that isn’t possible—or desirable. The business of building power lines is very expensive, and maintaining them is subject to outside forces such as weather. It is impossible to plan so precisely in advance that revenues and expenses come out exactly even at year end.

A cooperative must show a margin at the end of each year to prove to its lenders that it is financially sound, and some margin must remain after expenses are paid so the business can continue to operate. Like other businesses, electric cooperatives must have money on hand to provide current operating funds and set up a reserve against emergencies.

Whatever monies that may be accumulated at year end always belong to the members. Being paid for patronizing your own company is just another way South Plains Electric Cooperative is looking out for you!



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.

5
SPEC notifies you of how and when you’ll receive your capital credits retirement.

1
SPEC tracks how much electricity you buy and how much money you pay for it throughout the year.

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

South Plains Electric has retired over
\$45.4 million
to members over the years.

4
When SPEC’s financial condition permits, the board of directors decides to retire, or pay, the capital credits.

2
SPEC allocates the margins to members as capital credits based upon their use of electricity during the year.

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	86,140	132,589
1983	1,403,483	23,871	1,379,612
1984	1,374,597	19,024	1,355,573
1985	350,876	4,077	346,799
1986	1,056,198	722,117	334,081
1987	1,505,790	634,743	871,047
1988	3,133,657	208,826	2,924,831
1989	2,528,682	184,411	2,344,271
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	2,759,253	1,583,732
2004	3,983,992	3,119,890	864,102
2005	7,828,773	3,344,416	4,484,357
2006	6,005,292	462,376	5,542,916
2007	8,012,443	559,258	7,453,185
2008	11,591,238	474,403	11,116,835
2009	8,479,828	318,872	8,160,956
2010	9,908,949	71	9,908,878
2011	12,917,854	843,004	12,074,850
2012	13,140,294	1,354	13,138,940
2013	14,348,708	2,001,003	12,347,705
2014	8,048,076	739	8,047,337
2015	5,646,578	0	5,646,578
2016	8,989,661	1,781,244	7,208,417
2017	13,155,788	1,352,301	11,803,487
2018	18,152,439	1,092,974	17,059,465
2019	22,719,738	0	22,719,738
Other	27	0	27

SUBTOTAL \$231,854,499 \$45,114,660 \$186,739,839

Other Comprehensive Income (Loss).....\$217,310

Other Equities (\$522,304)

Members' Equity in the Cooperative.....\$186,434,845

OPERATION ROUND-UP

Neighbors Helping Neighbors

Operation Round Up has disbursed more than \$1 million to local organizations and individuals since its inception 26 years ago. More than \$86,000 was disbursed in 2019 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:
- send children to camp;
 - buy food for families in need;
 - help with medical emergencies;
 - rebuild a family's life after a fire;
 - award scholarships;
 - make a life tragedy less traumatic.

Operation Round Up is about neighbors helping neighbors.

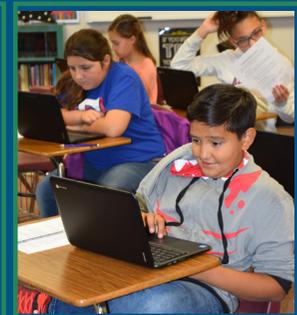


Financial Statement South Plains Electric Trust Year Ending 2019

Beginning balance 1/1/19.....	\$61,178.86
2019 member deposits	\$53,686.11
Employee & SPEC donations....	\$44,038.79
Interest income.....	\$77.90
Checks issued.....	\$86,325.26
Balance 12/31/19.....	\$72,656.40

Board of Trustees

- Lou Boyles-Bruster, White River Lake, Pres.
 Shea Adrian, Shallowater, VP
 Brenda Karr, Dickens, Treas.
 Patricia Reynolds, Lubbock, Sec.
 Angela Arthur, Ralls
 Kyle Benson, Hale Center
 Cindy Buxkemper, Lubbock
 Tracey Gregory, Lubbock
 Rita Tucker, Paducah
 Ginger Wetzel, Ransom Canyon

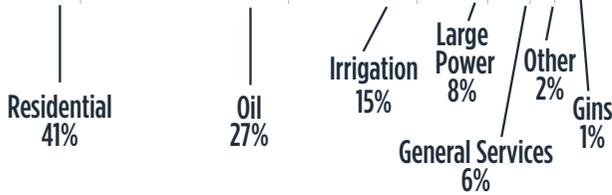


“Thank you, South Plains Electric Cooperative, for helping provide new learning opportunities for these students!”

Melanie Braune, Legacy Elementary
2019-2020 Mini-Grant Recipient

Your Dollar at Work in 2019

How your dollar was earned



Wholesale Power
67%

Operating Expenses
14%

Depreciation
8%

Interest
6%

Margins
5%



How your dollar was used

Solar Energy, Done Right.

As your electric cooperative, we are your source for power and information. Before purchasing solar, give us a call or visit our website and let us help you.



SPEC.coop/solar

POWERING OUR COMMUNITIES

Local member nationally recognized.

At South Plains Electric, we know our communities are filled with many unsung heroes who are making a difference.

For the fourth year, Touchstone Energy Cooperatives® has held the #WhoPowersYou contest. This contest recognizes co-op members from across the country for their efforts in making a difference in their communities.

We are proud that one of our own members, Sue Murdoch, received third place in the nationwide contest and was awarded \$1,500.

Sue created a program called Project Hope and works with her church and the Lubbock County Detention Center to put together fleece blankets for children who are removed from their homes and placed somewhere else through Child Protective Services.

When Sue first started Project Hope, she had a vision that every child in CPS would receive a blanket.

Sue has a heart for children and believes they should all have a sense of security, whether that is a teddy bear or a blanket.

Through Project Hope, Sue has donated over 1,000 blankets in the last four years.

SPEC member, Shana Hyde, nominated Sue for this award. "I couldn't think of anyone more deserving of recognition for what she does. Sue never gives up on people and truly loves them unconditionally," Hyde said.

The Operation Round Up Board voted to give Sue an additional \$1,500 to help further her cause.

Thank you, Sue, for what you do for our community!



- A. Shana Hyde, left, and Sue Murdoch, right.
- B. All blankets are taken to the Lubbock Rainbow Room to be given to children under the care of CPS.
- C. Each blanket is wrapped and includes a tag showing where it came from.

SPEC Employees have made a COMMITMENT TO ZERO CONTACTS



At South Plains Electric, safety is a top priority. During the January 2020 board meeting, the SPEC Board of Directors and staff made a commitment to zero contacts. This is an initiative from the National Rural Electric Cooperative Association to emphasize safety.

Our linemen aren't just linemen, they are also husbands, fathers, grandfathers, sons, friends and co-workers.

Across the country, electric co-op employees remain committed to safety—for all. While our linemen have the greatest exposure, every employee plays a part in our zero contacts commitment. When Co-op employees are protected and ready to get the job done, members can count on the safe, reliable power they depend on.

SPEC employees are taking a stand and making a Commitment to Zero Contacts.



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.

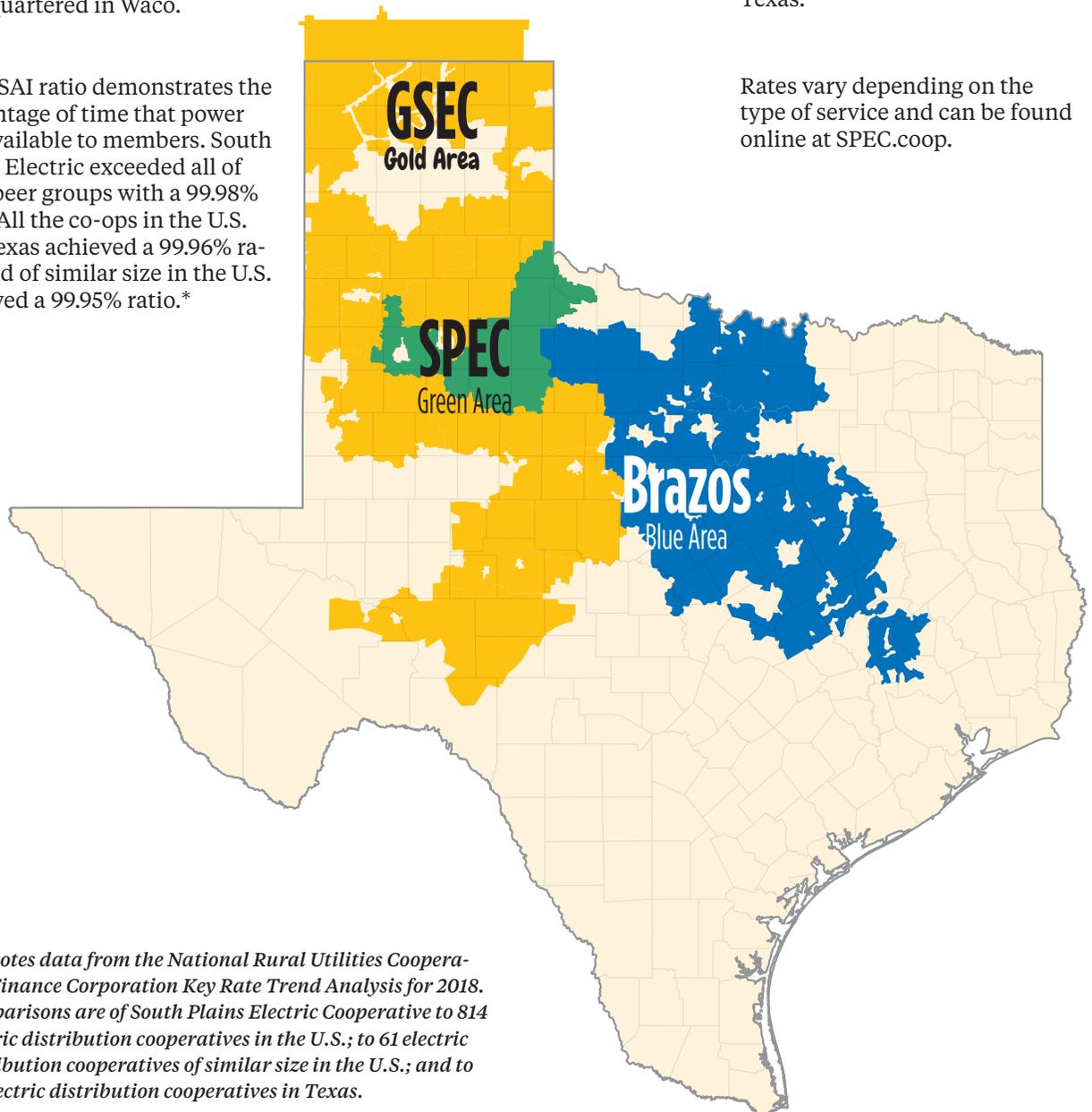
The ASAI ratio demonstrates the percentage of time that power was available to members. South Plains Electric exceeded all of their peer groups with a 99.98% ratio. All the co-ops in the U.S. and Texas achieved a 99.96% ratio, and of similar size in the U.S. achieved a 99.95% ratio.*

South Plains Electric knows how to keep the lights on. Its distribution system is among the largest 2% 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 81.75 minutes, ranking them in the lowest 15% in the U.S. and Texas and the lowest 8% of similar size in the U.S.*

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

South Plains Electric is proud of how it compares to other cooperatives on overall electric rates. SPEC is in the lowest 11% in the U.S., the 5th lowest of similar size in the U.S., and #5 lowest 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 Rate Trend Analysis for 2018. Comparisons are of South Plains Electric Cooperative to 814 electric distribution cooperatives in the U.S.; to 61 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 \$337,025,355 ranking them in the top 9% in the U.S., #11 of similar size in the U.S., and #10 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 3.33% growth in 2018, placing them among the 30 fastest growing in the U.S., #6 of similar size in the U.S., and #8 in Texas.*

South Plains Electric is serving the tremendous residential growth around Lubbock with extremely competitive residential rates. SPEC is in the lowest 11% in the U.S., #5 lowest of similar size in the U.S., and #11 lowest in Texas.*

South Plains Electric is among the largest 2% of distribution grids in the U.S., with over 10,000 miles of line. Even considering this, they rank in the 46th percentile in line loss in the U.S. and among the lowest 32% 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 57,624 connected meters, ranking them among the largest 9% in the U.S., #6 largest of similar size in the U.S., and #10 largest in Texas.*

South Plains Electric has 6,600 square miles of service area and 10,052 miles of line. This is enough line to stretch from Los Angeles to New York City 3½ times! The Cooperative is among the largest 2% in the U.S., #3 of similar size in the U.S., and #4 in Texas.*

South Plains Electric keeps rates low by controlling operations and maintenance expenses. SPEC is among the lowest 7% in the U.S., the #4 lowest of similar size in the U.S., and #8 lowest in Texas.*

Another way South Plains Electric keeps rates low is by controlling administrative and general expenses. SPEC is in the lowest 11% in the U.S., the #12 lowest of similar size in the U.S., and #9 lowest in Texas.*

South Plains Electric operates efficiently with all controllable expenses making up only 13% of its total expenses. SPEC is #6 lowest in the U.S., the lowest 9% of similar size in the U.S., and #8 lowest in Texas.*

Sixty-eight 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 \$0.32. This places SPEC's power costs per kWh in the lowest 23% nationally, #8 lowest of similar size in the U.S., and #24 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.



THE POWER OF Human Connections

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 \$45.4 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 2019 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 381 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.*

