REFINING & RESPONSIVE

Golden Spread Electric Cooperative, Inc. 2017 ANNUAL REPORT

Golden Spread Electric Cooperative, Inc., celebrates a great achievement in 2017 by realizing our 2020 vision three years earlier than expected.

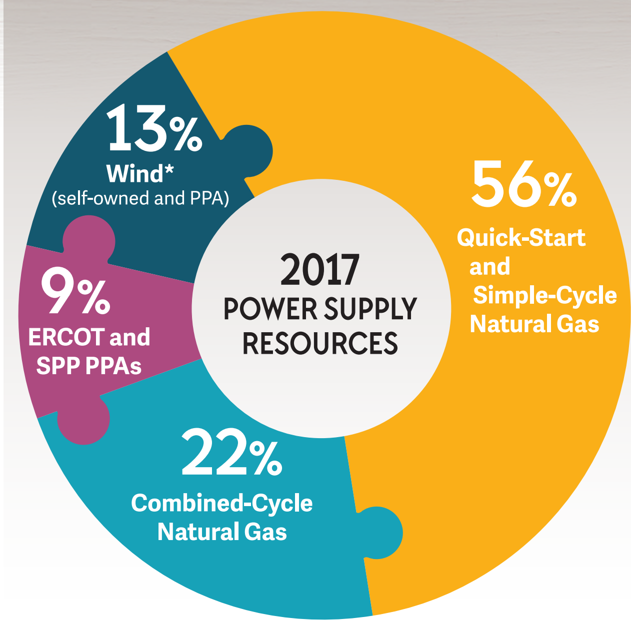
Our Board of Directors created a plan in 2012 to replace expiring power purchase contracts with a low-cost power supply plan. Those first five years of executing this plan were dynamic and exciting as we expanded our generation fleet to meet Members' needs, aligned our workforce and brought competitive energy solutions to our Members. Today, our Members are realizing the benefits of controlling their power supply, as current rates are lower than with former contracts.

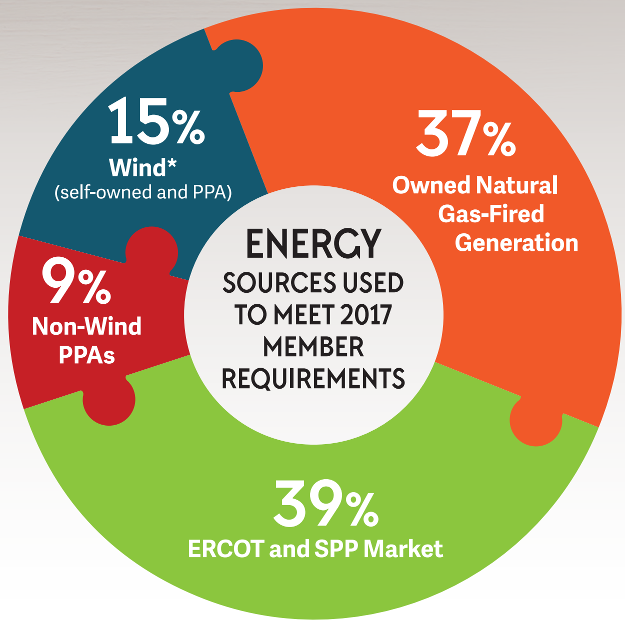
Upon early completion of this transformation, our 2017 focus pivoted to refining our operations and being responsive to our Members' current needs, particularly as they relate to rapid developments in the industry.

The following pages outline the latest progress on our journey to deliver competitive, flexible energy solutions to our Members.

CURRENT RESOURCE OPERATIONS

Golden Spread's mission is to deliver cost effective, competitive and reliable power.





PPAs are power purchase agreements.
* Golden Spread sold all of the environmental attributes associated with wind to third parties in the form of renewable energy credits.

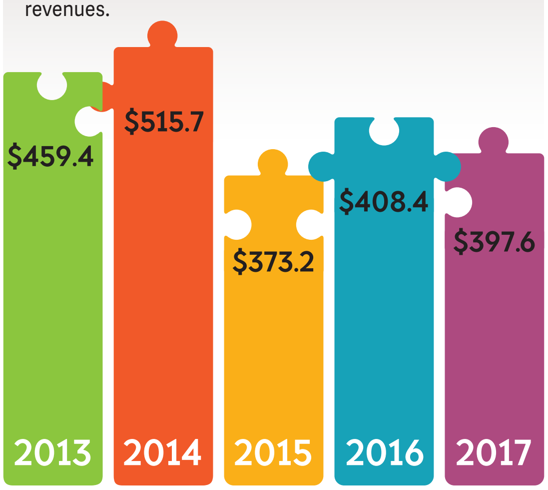
KEY DATA

	2017	2016
CONDENSED FINANCIAL DATA		
Operating Revenues	$ **397,636,645**	$ 408,412,749
Operating Expenses	$ **347,542,084**	$ 359,522,879
Operating Margins before Fixed Charges	$ **50,094,561**	$ 48,889,870
Fixed Charges before AFUDC	$ **29,024,495**	$ 29,909,720
AFUDC on Borrowed Funds	$ **-**	$ 2,863,785
Nonoperating Margins	$ **(3,498,580)**	$ (11,794,502)
Net Margins	$ **17,571,486**	$ 10,049,433
Total Assets	$ **1,103,551,165**	$ 1,135,584,856
Long-Term Debt	$ **603,683,402**	$ 614,516,896
Members' Equity	$ **423,058,443**	$ 417,986,957
FINANCIAL RATIOS		
Total Equity/Total Assets (%)	**38.34**	36.81
Days Cash on Hand	**102**	93
Debt Service Coverage Ratio	**1.88**	1.82
Debt/Funds Available for Debt Service	**6.53**	8.29
Total Equity/Total Capitalization (%)	**40.67**	38.89
OPERATING STATISTICS		
Average Rate to Members ($/MWh)	$ **57.70**	$ 57.62
Energy Sales to Members (MWh)	**6,262,561**	6,490,018
Energy Sales to Nonmembers (MWh) (1)	**957,709**	1,418,165
Total Energy Sales (MWh)	**7,220,270**	7,908,183
Member Peak Demand (MW)	**1,518**	1,550
Member System Load Factor (%)	**47.10**	47.68
Energy Generated (MWh) (2)	**3,720,786**	3,862,033
Energy Purchased (MWh) (2)	**4,088,207**	4,410,519

(1) Includes energy and ancillary services sales
(2) Includes ancillary services for Member load

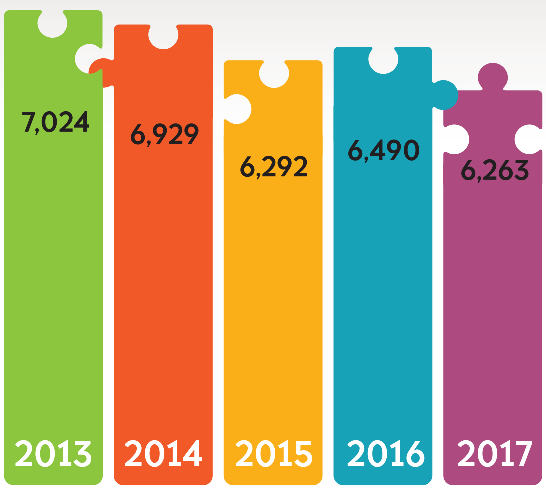
OPERATING REVENUES
(in Millions of Dollars)

Variations in operating revenues are due to the volume of kWh sales, fuel prices, operating expenses and Board-approved margins. The 2015 revenues also reflect a large regulatory refund which reduced operating expenses and revenues.



SALES TO MEMBERS
(in Millions of Kilowatt Hours)

Other than fluctuations caused by weather conditions, Member sales have been stable.



REVIEW

LETTER FROM THE PRESIDENT AND THE CHAIRMAN OF THE BOARD

As we drive around our Members' territories, it is hard not to notice all the wind farms taking advantage of the abundant natural resource so prevalent in our area. Also popping up with more regularity are large solar projects. With so much available land and great solar and wind potential, it seems natural to think of our area as the Renewable Energy Capital of the World. It was with this backdrop that Golden Spread spent 2017 refining and being responsive to this great opportunity.

One of the main objectives of 2017 was to reconfirm that our strategy laid out last year remained the right strategy, and then to closely examine our organization to refine how we meet those objectives. The four strategies are: Operational Excellence, Load Growth, Member Services and Utility of the Future, including Distributed Energy Resources (DER). We believe these four pieces are the key to achieving Golden Spread's vision of being trusted, innovative and flexible as we deliver competitive energy solutions.

From the Oklahoma Panhandle south to the Edwards Plateau of Texas, the Golden Spread footprint is steeped in the abundant natural resources of wind and solar that provide low-cost renewable energy. In fact, Texas and Oklahoma led the nation in wind power in 2017 with total wind capacity in Texas at 22,637 MW and Oklahoma at 7,495 MW[1]. These states also led in capacity added in 2017 and capacity expected to come online in the future.

Golden Spread is responsive to this environment in many ways, including our current work to help shape policies and procedures in wholesale power markets to transition them to operate more efficiently in this new renewable energy-driven environment.

In addition, we are taking a stand to encourage and work with National Rural Electric Cooperative Association (NRECA), our national service organization, to engage its membership, industry stakeholders, policymakers and regulators to address the economic and environmental benefits of electrification.

Promoting electrification throughout the economy has the potential to provide many economic and environmental benefits to local communities and the national economy, while increasing electricity sales for electric cooperatives.

With advances in renewable technologies, there is an opportunity to substitute electricity for other energy sources in many sectors of our economy. For example, further electrification of the transportation sector will result in decreased carbon, nitrogen oxide and carbon monoxide levels.

We encourage analysis of electrification and working to communicate its benefits as an option in end-uses, such as agricultural pumping, space and water heating, transportation, industrial processes and other sectors that currently rely on direct combustion of fossil fuels.

Golden Spread continues to focus on our vision of delivering competitive energy solutions. The strategic areas of focus for achieving our vision likely will evolve as we refine our approaches and are responsive to our Members and the changes in the industry.

Strategic load growth is a continued focus. In 2017, we were selected over 40 other competing bidders to serve additional load for one of our Members, Tri-County Electric Cooperative (TCEC). TCEC is currently under a full-requirements contract with Southwestern Public Service Company for a portion of its load. Golden Spread currently serves the remaining TCEC load. Both TCEC and Golden Spread will benefit from the new arrangement, which has Golden Spread taking assignment of

the contract for the remainder of its term, and thereafter, supplying this additional TCEC load with Golden Spread resources.

Many factors may contribute to load decline over time, and Golden Spread currently has minimal to no net load growth in the Southwest Power Pool (SPP). Maintaining or increasing Golden Spread's load level is critical to keeping rates for our Members low by spreading existing fixed costs over stable or additional sales. Securing the total TCEC load saves money for all Golden Spread Members and their Member-Consumers and continues to strengthen the relationship between Golden Spread and its Members.

Operational excellence is about taking care of the investment our Members have made in Golden Spread. A 2017 staff reorganization was implemented to realign our internal capabilities to improve focus on our strategic objectives. Our staff worked hard to establish and begin to mature the enterprise risk management and compliance processes and systems.

Cool and rainy weather prevailed in much of our service territory last year. Since much of our sales take place during the summer growing season as our Members serve agriculture irrigation needs, the weather was the major factor driving low sales. Despite the decreased sales, we maintained our average rate below 6 cents per kWh. We have continued to be diligent in our mission to deliver competitive rates, and we work on many fronts to accomplish it.

Another strategic focus area is Member Services. Our Board directed Golden Spread staff to explore and evaluate the potential opportunities to extend value-added service to the Members. Golden Spread will continue to work with its Members to identify areas where Golden Spread staff or its processes can assist Members with meeting their needs efficiently and cost effectively. An initial focus of this effort is information technology-related services.

And finally, distributed energy resources (DERs) are a growing interest for certain Golden Spread Member-Consumers. NRECA describes DER as distributed generation (wind, solar, biomass, etc.), as well as other deployable energy technologies like storage, demand response and energy efficiency.

Like many electric cooperatives, Golden Spread is responding to the growth in new technologies as we bring about the utility of the future and learn of the future business impacts of various technologies. We think DERs have the potential to be integrated into the overall Golden Spread operations when they promote efficiency and optimal rates for our Members and their Member-Consumers.

We believe our cooperative business model allows for DER solutions that balance policy priorities with local conditions while ensuring reliable, affordable and sustainable electric power.

In 2017, Golden Spread celebrated a great achievement. Our 2020 vision included no longer being reliant on third-party fossil fuel generation, and we achieved this milestone earlier than expected. As we continuously improve our operations today, we must always be looking to the future and the technological advances that will provide new energy options and solutions for our Members.

The vision we created in 2014 still holds true today: Trusted, Innovative and Flexible, We Deliver Competitive Energy Solutions. We will not sit idly and wait for the inevitable change in our industry – we must evaluate, embrace and operationalize the change that provides the most value for our Members to ensure we deliver on our Vision.

Mark Schwirtz　　Stan McClendon

[1] Based on information from American Wind Energy Association

The Golden Spread Executive Team is comprised of, first row, Margaret "Peg" Rupert, Chief Information, Strategy and Compliance Officer; Mark Schwirtz, President and Chief Executive Officer; second row, Michelle Fishback, Vice President, Human Resources; Scott Gross, Chief Financial Officer; Bill Harrelson, Chief Legal Officer; third row, Jennifer Altmiller, Manager, Executive and Business Services; John Eichelmann, Vice President, Member Services; and Jolly Hayden, Chief Operating Officer.

RESPONSE

WINNING THE BID TO PROVIDE ADDITIONAL LOAD FOR TCEC

Until recently, Tri-County Electric Cooperative (TCEC), a Golden Spread Member, was under a full-requirements contract with Southwestern Public Service Company (SPS) for a portion of its load, with Golden Spread serving the remaining load. In response to the pending SPS contract expiration, TCEC sent out requests for proposals for long-term power supply.

Golden Spread was chosen by TCEC as the winning bidder, among 40 submitted bids. Our bid is for a full-requirements service rate that is the same average rate provided to all Golden Spread Members. Winning this bid is validation that our cooperative approach and rates are competitive with other suppliers.

Golden Spread and TCEC both benefit from the awarded proposal. Maintaining or increasing Golden Spread's load level is critical to keeping rates for Members low.

Combined with changes in Southwest Power Pool (SPP) market rules, the addition of this TCEC load will be significantly beneficial to Golden Spread Members in the long run. With Golden Spread as the single power supplier, TCEC can take advantage of combined system operating benefits and retain flexibility to pursue additional renewable generation.

Golden Spread assumed financial responsibility for the load beginning January 1, 2018, but will still abide by the terms of the full-requirements contract with SPS. Golden Spread and TCEC took actions to negotiate with SPS a contract expiration date a year early on July 1, 2020, instead of 2021. After expiration, Golden Spread can use its own resources to serve the new TCEC load, resulting in savings of millions of dollars.

RESULTS

EXPIRATION OF POWER PURCHASE AGREEMENTS IS HISTORIC

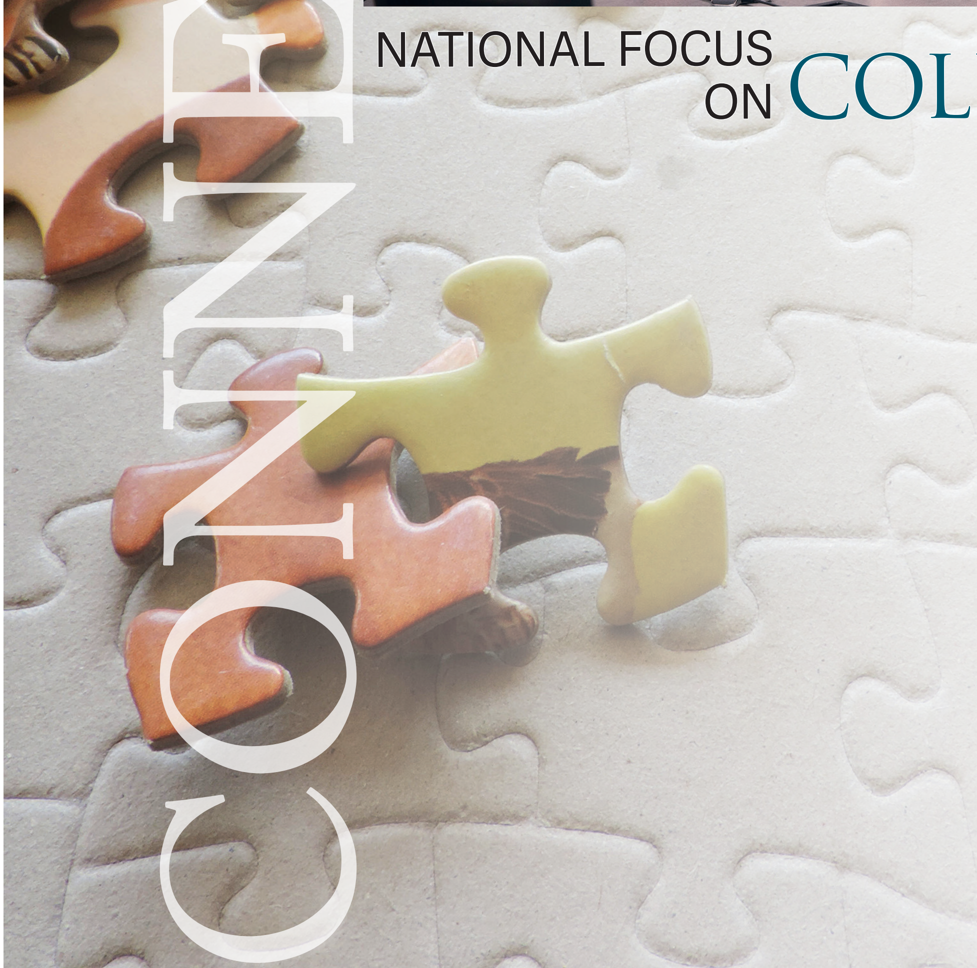
In 2012, the Golden Spread Board set in motion a plan to transform Golden Spread from a utility primarily purchasing power to one directly in control of its own power supply. On June 1, 2017, that plan was fulfilled as Golden Spread, for the first time in its history, no longer relied on higher-priced power that had been purchased from investor-owned utilities.

Today, our Members are realizing the benefits of controlling our power supply, as current rates are lower than with former contracts.

Golden Spread was able to take control of its own destiny through a multi-year capital expansion that added a fleet of quick-start natural gas-fired combustion turbines, which was the most cost-efficient replacement for the expiring purchased power agreements (PPAs). These units allow us to take advantage of the abundant renewable energy resources in the region because they can power up quickly to supply electricity when wind and solar energy are not available. In fact, Golden Spread exercised an option in one of its power purchase agreements two years earlier than the original end date of the agreement to reduce the offtake from 300 MW to zero.

In June 2016, Golden Spread commissioned its last two 195 MW simple-cycle, gas-fired combustion turbines needed to complete the capital expansion plan. Then on May 31, 2017, Golden Spread's PPAs in both the Electric Reliability Council of Texas (ERCOT) and the Southwest Power Pool (SPP) terminated, ending Golden Spread's dependence on higher-priced power from investor-owned utilities.

The ERCOT and SPP markets have experienced an abundance of wind production, which has significantly reduced the energy prices in both markets. Achieving our plan to build low-cost, peaking resources allows Golden Spread to take advantage of this low-cost energy and provide competitive rates to our Members.



RECONNECT

NATIONAL FOCUS ON COLLABORATION

On the road to the utility of the future, it is important for Golden Spread to reach beyond its own capabilities. We are a small player in a big market. We tap into a national treasure of expertise and shared experience by leveraging our memberships with the National Rural Electric Cooperative Association (NRECA), ACES, Texas Electric Cooperatives, Touchstone Energy® Cooperatives and Oklahoma Association of Electric Cooperatives.

As part of our efforts to capitalize on this vast resource, Golden Spread management visited NRECA's headquarters and met individually with functional staffs. At NRECA's invitation, Golden Spread CEO Mark Schwirtz shared our story in a presentation at an all-staff meeting – the first time such a presentation had been made by a Member. It is through this collaboration, known as Cooperation Among Cooperatives, that Golden Spread and its Members will be successful in the evolving electric industry.

REFRESH

KNOWLEDGE TRAINING FOR OPERATIONAL EXCELLENCE

At Golden Spread, continual improvement means continued investment in our people. Refresher training for plant operations was a key focus in 2017 and will continue through 2018. A combination of classroom, simulation, on-the-job and web-based training are the building blocks for achieving operational excellence.

The skills needed to perform in the top quartile are dependent on three main areas: 1) Power Plant Fundamentals and System Training, 2) Field Application and Routine Operations and 3) Advanced Operations and Safety. With quality training and knowledgeable employees, the plant operations team does its part to fulfill the Golden Spread mission of delivering to our Members cost-effective, competitive and reliable power.

Additionally, Golden Spread builds fundamental management skills among its managers with a self-paced on-demand learning and performance support resource available through Harvard ManageMentor®. This resource takes advantage of the latest in thinking and proven practices from Harvard Business Publishing's world-class experts and helps to quickly build basic skills necessary for existing and first-time managers.

RECOVER

INSURANCE PROCEEDS OFFSET EFFECT OF EQUIPMENT DISRUPTION

Golden Spread's Mustang Station Unit 3, a steam turbine, experienced a blade failure in its intermediate pressure/low pressure section in September 2016. Due to the extent of the damage, the Golden Spread team removed and shipped the steam turbine rotor section to the equipment manufacturer for further inspection and repair. The manufacturer performed an inspection and repairs and returned the rotor to Mustang Station. We reinstalled the rotor in the steam turbine and put the unit back in service in February 2017.

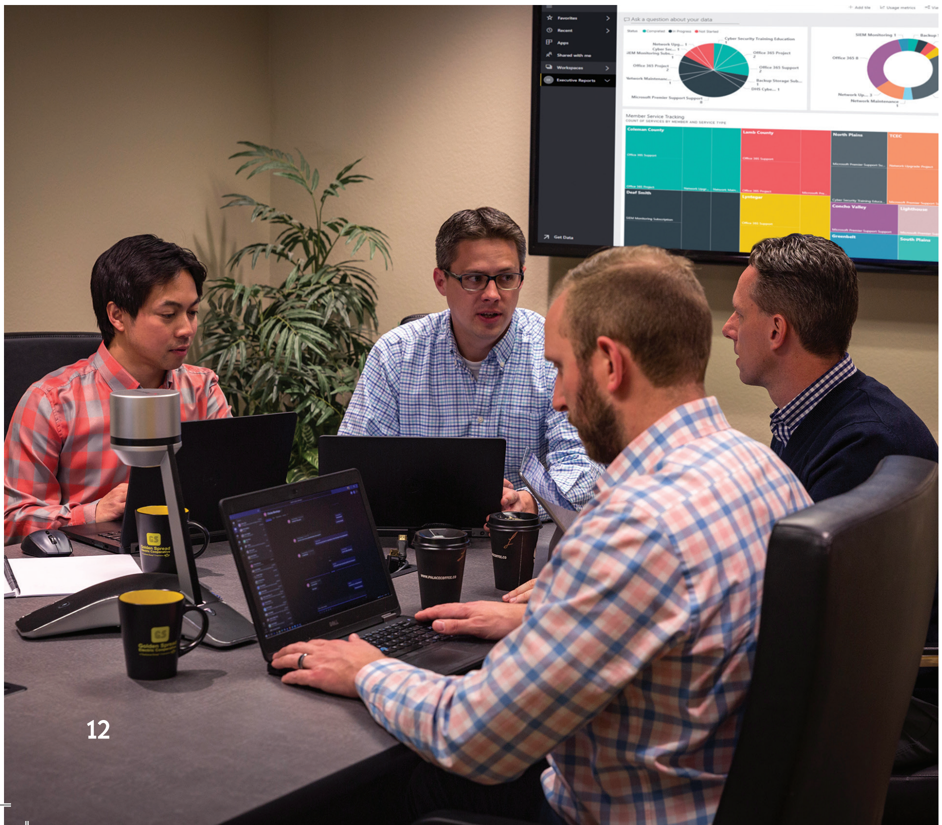
In addition to the property loss, we lost the use of Unit 3 for about five months. Golden Spread filed claims on both its property insurance and business interruption insurance, resulting in recovery of the repair costs, net of the deductible, and receipt of proceeds for the business interruption related to the loss of the steam turbine during the outage.

NEW SERVICES ADD VALUE FOR MEMBERS

In 2017, Golden Spread began providing information technology (IT) services to its Members. The Board of Directors led this effort with the establishment of its new Services Committee focused on value-added services. This Committee determined that initial focus would be on potential IT-related services, and its proof-of-concept was to assist Members with implementing Microsoft Office 365, a cloud-based subscription software.

Coleman County Electric Cooperative was the first Member to take advantage of the Office 365 implementation service, followed shortly by Lamb County Electric Cooperative. In deciding what services to offer beyond Office 365 and with a desire to be responsive to Members' needs, the Services Committee directed Golden Spread staff to convene a special meeting of the IT Community Group to gather feedback and ideas on potential IT services.

RESOURCE



The feedback from the IT Community Group showed the biggest interest is in cybersecurity. This led the Services Committee to direct Golden Spread staff to create a focus group consisting of IT leaders from six Members and a liaison from the Service Committee. The goal of this focus group was to develop cybersecurity programs that would be of greatest value to Golden Spread's Members. Guided by Member direction, these cybersecurity programs, along with other IT services, enable Golden Spread to provide additional value to its Members. To date, our Members have used more than 20 Golden Spread technology services.

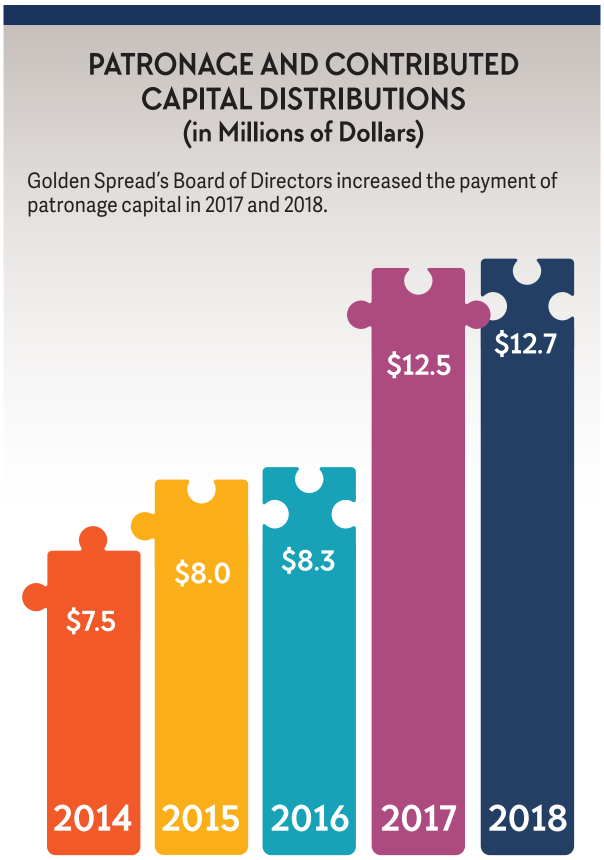
Plans in 2018 are to continue to focus on refining this list of IT services and explore additional opportunities to add value for our Members.

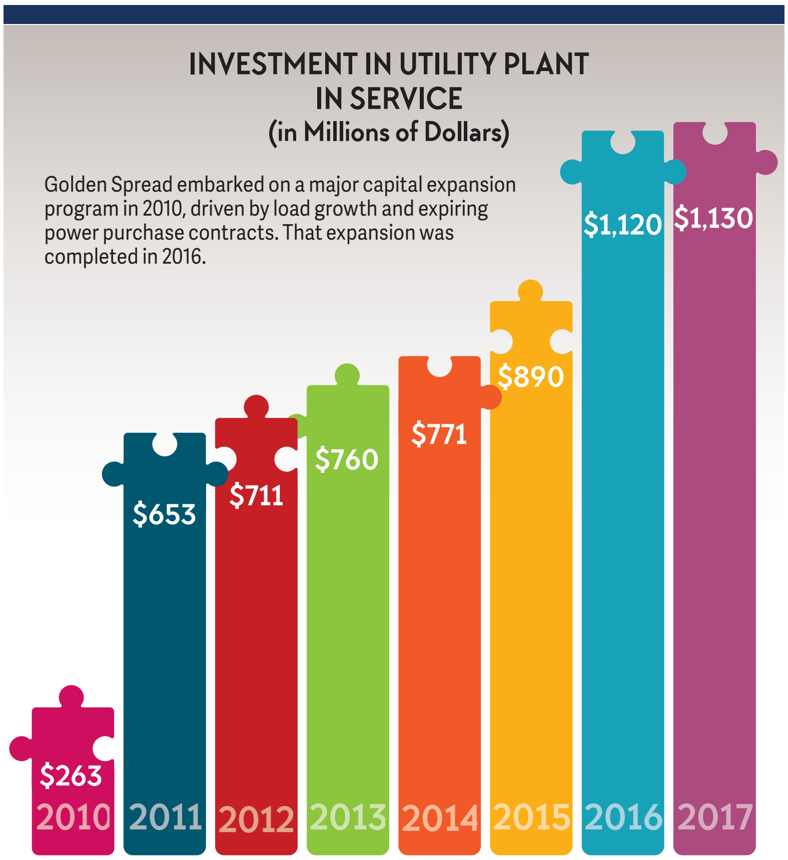
PATRONAGE
AND CONTRIBUTED CAPITAL DISTRIBUTIONS

Golden Spread's Board of Directors has authorized payment of patronage and contributed capital distributions to Members for 18 consecutive years. In March 2018, the Board authorized patronage and contributed capital distributions of $12.7 million, which is approximately 3% of the 2017 end-of-year equity balances. In March 2017 and 2016, distributions of $12.5 million (3% of end-of-year equity balances) and $8.3 million (2% of end-of-year equity balances), respectively, were authorized and paid.

From 2001 through March 2018, more than $112.8 million in patronage and contributed capital distributions were paid.

RETURN



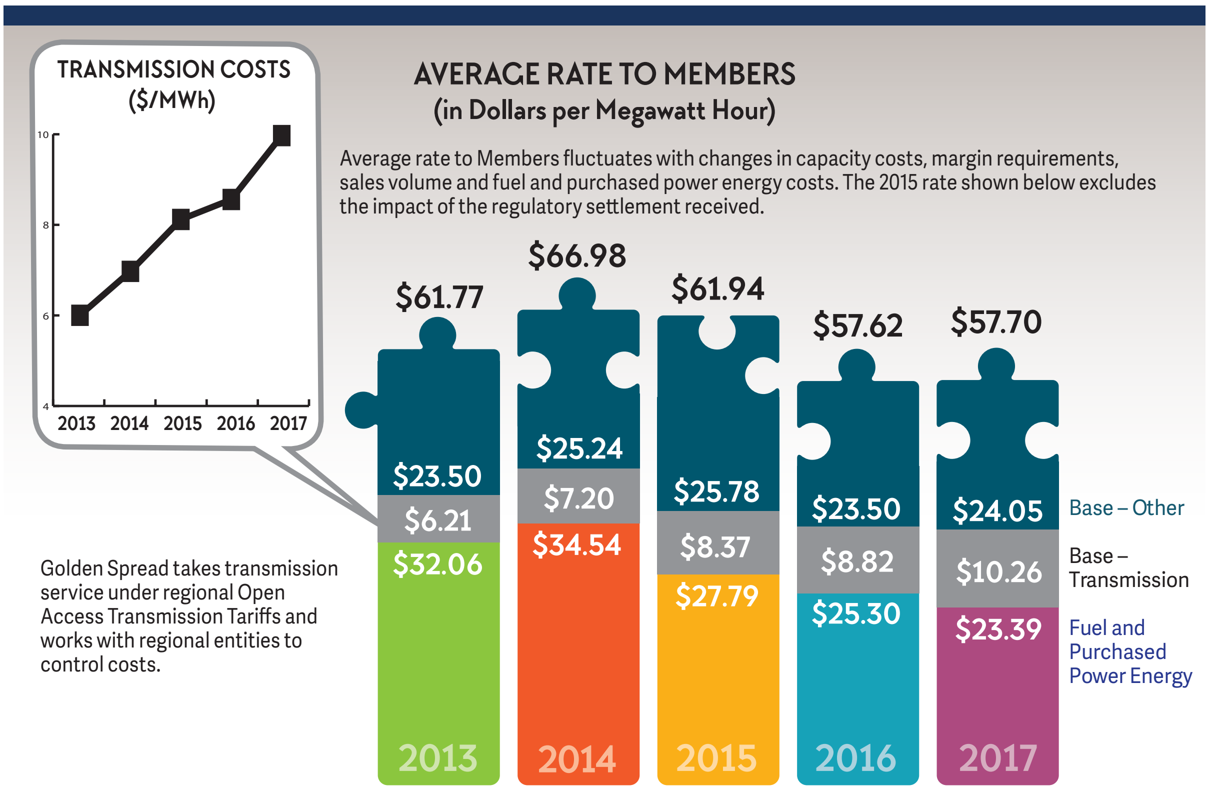


REFINING

LINES OF CREDIT AGREEMENTS EXPAND FLEXIBILITY

Golden Spread Electric Cooperative, Inc., maintains several lines of credit for liquidity purposes to help finance construction programs, meet contractual obligations and fund various other short-term liquidity needs. With the completion of the large generation capital expansion plan in 2016 and the expiration of multiple large credit agreements in 2017, Golden Spread refined its line-of-credit approach.

Golden Spread renegotiated and reduced the size of two expiring credit agreements and added a new line of credit with a cooperative affiliated bank. Staggered expiration dates limit repricing and renewal exposure and increase flexibility to modify total credit capacity as conditions change. We believe this refined approach will reduce the costs to our Members while meeting our capital requirements.



RENEW

INDUSTRY EVOLVES WITH DISTRIBUTED ENERGY RESOURCES

The electric industry is engulfed in new technology that brings with it many potential benefits to consumers, as well as challenges to the traditional industry design. A key focus area for Golden Spread is preparing for the utility of the future. Some Member-Consumers are adding distributed energy resources (DERs), including smaller power sources located close to where electricity is used, such as a home or business, that provide an alternative to or an enhancement of the traditional electric power grid. As the electricity grid continues to modernize, DERs, such as storage, energy management systems and advanced renewable technologies, can help the transition to a smarter grid.

Golden Spread's geographic area holds great promise for using its vast renewable potential, and to that end, we have seen some development of dispersed solar and wind projects, which are examples of DERs. It is important to Golden Spread and its Members that we develop policies and take actions that support the incorporation of this potential benefit to our Member-Consumers in a manner that is sustainable long into the future.

Several of Golden Spread's Members have installed, or are in the process of contracting for, community solar projects to demonstrate and share with its Member-Consumers the benefits and challenges associated with solar energy. Golden Spread supports these efforts by allowing Members to get the projects directly assigned to their systems and assisting Members to solicit, evaluate and contract with third parties.

In addition to the community solar efforts, Golden Spread and its Members are working together to define policies and rate structures that work for each Member and their Member-Consumers to allow efficient incorporation of consumer-owned generation. This policy development work includes consideration of potential impacts of the generation on other consumers, as well as the market value of the energy produced.

With the evolution of our industry, our approach is to be flexible and innovative as we work together with our Members to find ways to bring the benefits of the utility of the future to consumers, while we manage the business impacts of these technologies and avoid cost subsidies from other Member-Consumers.

REALIGN

STAFF STRUCTURE ADVANCES FOCUS AREAS

As part of the overall strategic efforts, Golden Spread wants to ensure our organization has the right support for achieving our focus areas. Our employees have accomplished a great deal of essential work in the past few years, including:

- Overseeing the construction of hundreds of megawatts of new generation to replace expiring wholesale power contracts
- Taking on operations in the Electric Reliability Council of Texas, along with the work already done on the Southwest Power Pool's new market design
- Dealing with new and proposed regulations, including major areas of North American Electric Reliability Corporation compliance, like critical infrastructure protection and cybersecurity
- Creating a foundation of core capabilities, information technology, processes, procedures and policies to support an expanded internal staff

Starting in May 2017, we began a collaborative journey to revisit how we are organized to align our organization with the new focus areas of operational excellence, load growth, Member services and utility of the future. Golden Spread is fortunate to have great employees and a lean structure, so the effort was focused on reporting structures and changing workload emphasis.

Some of the changes achieved in the refined structure include better alignment of engineering and production personnel, better alignment of risk and finance and increased focus on rates and new products and services.

By reconfirming our strategy in October with the Board of Directors, Golden Spread was able to refine our organizational structure to align with the strategy. Our flexible team members adapted well to the refinement, while maintaining their focus and upholding day-to-day obligations.

REWARD

BROOKE SHOBERT
Spur High School
South Plains Electric Cooperative

SADIE BOW
Happy High School
Swisher Electric Cooperative

ROBERT ALBIN
Eldorado High School
Southwest Texas Electric Cooperative

ROMEO REYES
Muleshoe High School
Deaf Smith Electric Cooperative

BRITTAN WEBB
Sundown High School
Lyntegar Electric Cooperative

KYLIE MILLER
Darrouzett High School
North Plains Electric Cooperative

LAUREN LANDERS
Ballinger High School
Coleman County Electric Cooperative

ASHLYN TUCKER
Borden County High School
South Plains Electric Cooperative

DIRECTORS' MEMORIAL SCHOLARSHIP

The Directors' Memorial Scholarship was established in 1991 to honor Directors that served on the Golden Spread Board and were dedicated to the development and advancement of rural electrification.

The scholarships are designated for families who are Member-Consumers of one of Golden Spread's 16 Member cooperatives. More specifically, eligibility is for any Member-Consumer, a spouse or child of a Member-Consumer or a child whose guardian is a Member-Consumer. Recently, the Board increased the number of scholarships from six to eight per year and made technical trade schools eligible.

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 2017. More than $95,000 in scholarship funds have been disbursed to 82 recipients since the first scholarship was awarded in 1995.

Currently, the scholarship fund has a balance of $160,000 and is administered by Opportunity Plan, Inc., located in Canyon, Texas. Golden Spread makes annual contributions to the fund, in addition to making contributions in memory or in honor of past Board Members. Individual contributions are welcomed and add to the endowment for the scholarship fund.

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

RECOGNITION

IN GRATITUDE

BILL HARBIN

Bill Harbin served on the Board of Directors of Golden Spread Electric Cooperative, Inc., from September 9, 1987, to December 31, 2017. He was the General Manager of Lighthouse Electric Cooperative, Inc., in Floydada, Texas, for 30 years. Mr. Harbin served as Chairman and President of the Golden Spread Board from March 31, 1997, to August 8, 2011. He also served several terms as Secretary-Treasurer.

Mr. Harbin was a member of several Golden Spread Committees throughout his tenure, including the Legislative Committee, the Executive Committee, the Audit Committee, the Risk Management Committee and the Wholesale Power Contract and Rate Committee. Mr. Harbin concluded his board service on December 31, 2017, after 30 years of diligent and honorable service to Golden Spread. His long-term service and industry expertise has contributed immeasurably to the development and success of Golden Spread.

IN REMEMBRANCE

DONNIE REX

Donnie Rex joined Golden Spread Electric Cooperative, Inc., on January 12, 2015. He worked in the Information Technology Department as Project Portfolio Manager until his untimely death on July 22, 2017. He was a native of Canadian, Texas, and a graduate of West Texas A&M University, where he received a computer science degree.

During his time at Golden Spread, Donnie was instrumental in the success of several projects, including the enterprise business accounting system, payroll and the regulatory issue tracker. He was generous with his time and mentored people within Golden Spread and among its Members' organizations. Donnie's co-workers miss his friendship, generosity and kind heart. Golden Spread renamed a conference room at the Amarillo office to be the "Donnie Rex Collaboration Center" in memory of all he provided during his time at Golden Spread.

BOARD OF DIRECTORS

STAN MCCLENDON – Chairman
WILLIAM "BUFF" WHITTEN – Vice Chairman
KELLY LANKFORD– Secretary/Treasurer

BAILEY COUNTY ELECTRIC COOPERATIVE
- Darrell Stephens
- David Marricle

BIG COUNTRY ELECTRIC COOPERATIVE
- Roger Blackwelder
- Mark McClain

COLEMAN COUNTY ELECTRIC COOPERATIVE
- Bob Fuchs
- Clint Gardner

CONCHO VALLEY ELECTRIC COOPERATIVE
- Jeff Copeland
- Kelly Lankford

DEAF SMITH ELECTRIC COOPERATIVE
- Vick Christian
- Mike Veazey

GREENBELT ELECTRIC COOPERATIVE
- James Batton
- Stan McClendon

LAMB COUNTY ELECTRIC COOPERATIVE
- Kevin Humphreys
- Boyd McCamish

LIGHTHOUSE ELECTRIC COOPERATIVE
- Gaylord Groce
- Albert Daniel

LYNTEGAR ELECTRIC COOPERATIVE
- Earl Brown
- 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
- Tommy Joines
- Dale Ancell

SOUTHWEST TEXAS ELECTRIC COOPERATIVE
- Steve Williams
- William "Buff" Whitten

SWISHER ELECTRIC COOPERATIVE
- Jimie Reed
- Dwain Tipton

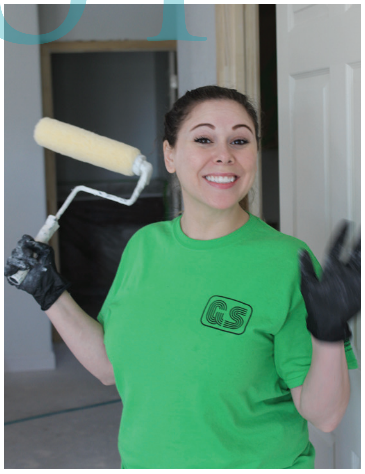
TAYLOR ELECTRIC COOPERATIVE
- Cecil Davis
- Ryan Bartlett

TCEC
- Shawn Martinez
- Zac Perkins

GOLDEN SPREAD OFFICERS

MARK SCHWIRTZ – President and Chief Executive Officer
JOLLY HAYDEN – Chief Operating Officer
BILL HARRELSON – Assistant Secretary and Chief Legal Officer
SCOTT GROSS – Assistant Treasurer and Chief Financial Officer
MARGARET "PEG" RUPERT – Chief Information, Strategy and Compliance Officer

REINVEST



COMMITTED TO OUR COMMUNITIES

Golden Spread employees participate in coordinated service activities through the Board-sponsored and employee-operated Community Involvement Committee (CIC).

Established in 2013, the CIC has distributed $197,000 from a board-approved annual budget item and employee contributions. The CIC demonstrates the commitment of Golden Spread and its Members to Amarillo, Lubbock and communities throughout the Members' territories.

The CIC has more than 20 active participants that coordinate its efforts through monthly committee meetings. CIC leadership for 2017 included Maggie Berry, Chair; Jill Schessler, Vice Chair; Courtney Studer, Secretary; Chris Koenig, Treasurer; and Stacy Sanning, Board of Directors Liaison.

The employees of Golden Spread are engaged in efforts not only in the towns where we have a presence, but also throughout the vast areas served by Golden Spread Members. They raise money to support organizations, such as volunteer fire departments and Meals on Wheels, that benefit people in our Member service territories. Each year, employees are provided volunteer hours to spend helping a CIC-approved event.

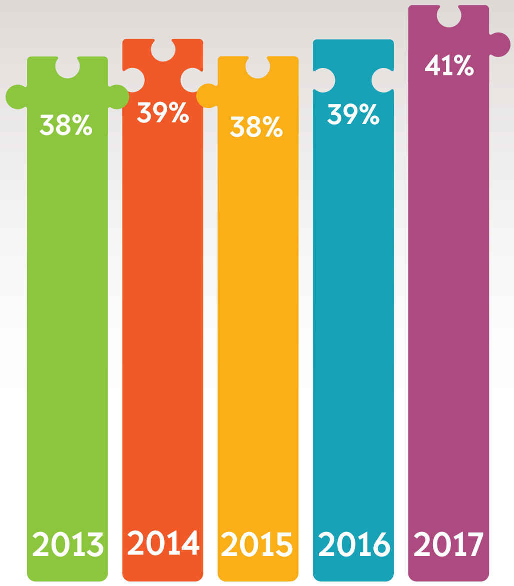
CIC efforts consistently promote the involvement, reputation and values of Golden Spread and its Members, and we are grateful for the Board's support of this effort.

The Golden Spread Amarillo headquarters building now proudly displays the corporate logo with a new LED sign. The new sign is located on the south side of the building and is easily seen when entering downtown Amarillo.

A new monument sign has been installed at the main entrance to the Amarillo headquarters building. This new LED sign features the Golden Spread logo, as well as the logos of our two anchor building tenants.

EQUITY/CAPITALIZATION

Golden Spread's equity/capitalization ratio has remained stable, even during its capital expansion program, which ended in 2016.

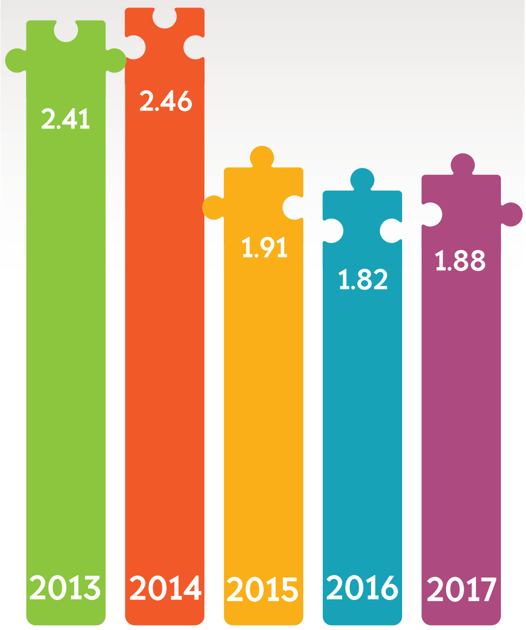


CASH LIQUIDITY
(in millions of dollars)

Cash, cash equivalents and short-term investments fluctuate based on the cash liquidity needed to fund construction expenditures. Golden Spread targets cash balances of at least 90 days cash operating expenses at all times.

DEBT SERVICE COVERAGE (DSC) RATIO

Golden Spread had planned for its capital expansion by accumulating equity and producing margins. As a result, DSC ratios remain strong despite the increasing debt associated with Golden Spread's capital expansion program. As we completed the generation expansion plan, the Board in 2017, 2016 and 2015 approved a reduction in the margin.



FINANCIAL INFORMATION

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, 2017 and 2016, and for the three years ended December 31, 2017, 2016 and 2015. At December 31, 2017 and 2016, 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 305,699 services in place, which represent approximately 237,260 Member-Consumers located in the Panhandle, South Plains and Edwards Plateau regions of Texas, the Panhandle of Oklahoma, small portions of Southwest Kansas and of Southeast Colorado. 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, however, is subject to the Federal Energy Regulatory Commission (FERC) regulation with respect to the rates it charges its Members for wholesale power supply.

Beginning in 2010, Golden Spread began executing a multi-year power supply plan that included capital expansion to add new generation to replace expiring power purchase agreements and to meet the growing load requirements of its Members. As part of this execution, Golden Spread needed to generate cash and equity at levels necessary to achieve and maintain our target financial objectives and retain high investment-grade credit ratings (currently "A" or better from the three main credit rating agencies). To achieve these financial objectives, the Golden Spread Board of Directors acted in 2009 to change the Member rate to include an Equity Stabilization Charge (ESC) to generate margins needed to supplement margins and equity from other sources. In the years 2010 through 2016, we have constructed 996 MW of new generation and purchased an additional 244 MW. Our generation expansion plan was completed in 2016 with the addition of 390 MW of simple-cycle generation.

Our target financial objectives are:

- Finance 65-70% of capital projects with long-term debt, with remaining amount provided by equity;
- 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 construction and collateral for credit markets.

As Golden Spread strives to enhance 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;
- 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 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). SPP and ERCOT 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.

The global settlement entered into with Southwestern Public Service Company (SPS) in 2015, which resulted in a direct refund of $44.86 million to Golden Spread that was paid to our Members in December 2015, continues to bring rate stability through prospective rate treatments that affect SPS's production and transmission rates. As a result, Golden Spread has significantly reduced its rate litigation activities with SPS before FERC. Prospective benefits of the global settlement include, but are not limited to, a moratorium on increases to SPS's proposed rate of return on equity that will continue for several more years. Additionally, with the addition of the new Elk generating station units and changes to load forecasts, Golden Spread was able to provide notice to SPS of early termination of the Replacement Power Sales Agreement, effective mid-2017 rather than the second quarter of 2019. This action will save Golden Spread purchased power costs.

Golden Spread's rate schedules for sales to its Members are formula rates that allow recovery of all of 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. In 2017, three sets of amendments were filed and subsequently accepted. On August 1, 2017, FERC accepted the Amended and Restated Wholesale Power Contracts (WPCs) designed to: 1) modernize the WPCs' commercial terms and conditions; 2) add provisions to reflect Golden Spread and Member obligations to purchase from and sell power to qualifying facilities under the Public Utility Regulatory Policies Act of 1978; and 3) adopt a provision that expressly allows Golden Spread to recover any stranded costs. On September 25, 2017, FERC accepted an amendment to the WPC with North Plains Electric Cooperative to add a long-term purchase by Golden Spread from an 8.4 kW solar-powered electric generating facility. On December 8, 2017, Golden Spread filed amendments to permit it to amortize certain regulatory assets and liabilities within the existing depreciation and amortization expenses, to update delivery points of certain Members, to add an amendment relating to a future resource commitment to a single Member, and to make other ministerial, nonsubstantive changes. This third filing was subsequently accepted by FERC in February 2018.

Golden Spread's open access transmission tariff rate applicable to transmission wheeling service to third parties across assets it owns on behalf of its Members pursuant to the Special Facilities Agreement is also an annually adjusting, cost-based formula rate. On January 31, 2017, FERC accepted amendments to provisions of Golden Spread's tariff relating to the terms and conditions of generator interconnection. On July 26, 2017, FERC approved Golden Spread's rate change filing, effective June 27, 2017, to update the formula rate template to create greater transparency to the data reported in Golden Spread's FERC Form 1. The changes proposed resulted in a nominal increase in aggregate revenue from third-party customers to Golden Spread. Annual charges collected by Golden Spread under the formula in its transmission tariff are approximately $139,000, and adjust in July of each year. In 2017, Golden Spread also completed its local transmission planning process, which is required by FERC to be performed every five years.

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. Historically, Golden Spread has purchased wholesale capacity and energy from SPS pursuant to a long-term Replacement Power Sales Agreement (RPSA) which was originally set to terminate in 2019. This purchase was an expense that was passed through the Member WPCs. Effective May 31, 2017, we were able to permanently reduce to zero our capacity and energy purchases under this RPSA. This action has allowed Golden Spread to reduce its purchased power costs that are flowed through to its Members. As our contract with SPS wound down, Golden Spread entered into an agreement with our Member Tri-County Electric Cooperative, Inc. (TCEC) in 2017, and under this agreement, Golden Spread would become the future full-requirements supplier of a portion of TCEC's service territory in Oklahoma located at the Texas County and Cole Interchanges historically served exclusively by SPS. The territory currently consists of approximately 57 MW of load (coincident peak). Part of the agreement included Golden Spread taking assignment of TCEC's long-term power sales agreement with SPS for the remainder of its term in 2020. SPS filed notice of Golden Spread's succession to the agreement with FERC on December 21, 2017, with an effective date of January 1, 2018. Golden Spread, in conjunction with TCEC, has also provided notice under the agreement to reduce purchases from SPS, as permitted by the agreement. As a customer of SPS, we will actively participate in proceedings involving charges to serve TCEC's load. On December 15, 2017, we intervened in a proceeding initiated by SPS involving modification to depreciation rates for certain of SPS' generation resources, the net result of which would be an approximate $158,000/year increase. This proceeding is ongoing.

In addition to SPS proceedings, Golden Spread actively participated in proceedings at FERC involving the transmission rates applicable to American Electric Power (AEP) affiliates, with a particular emphasis on proposed cost allocation of high-voltage transmission infrastructure to support AEP's WindCatcher generation project, and proceedings involving the rates, terms and conditions of natural gas pipelines that serve Golden Spread's Mustang, Antelope and Elk facilities, including proceedings initiated by Northern Natural Gas Company and ONEOK WesTex Transmission, L.L.C.

Golden Spread is an active participant in FERC proceedings and subsequent appellate review involving the procurement of transmission services from SPP as well as the operation of the SPP Integrated Marketplace, under which Golden Spread buys and sells services to serve its Member 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 or terms and conditions of service. In 2017, Golden Spread actively participated in a variety of proceedings, including SPP-initiated and complaint proceedings relating to: 1) implementation of enhanced combined cycle logic market design changes to permit certain resources such as Golden Spread's Mustang Station to submit multiple configuration bids into the market; 2) modifications to how uplift costs are allocated to market participants; 3) implementation of shortage pricing and settlement interval changes; 4) modification to resource adequacy requirements; 5) modification to scarcity pricing variable demand curves related to power regulation and reserve services offered in the market; 6) changes to ramp capacity requirements for instantaneous load changes; 7) proposals to eliminate the limited day-ahead must-offer resource requirements applicable to load-serving entities; 8) reallocation of directly assigned transmission upgrade costs to other customers, including approximately $1.3 million to Golden Spread; and 9) claims by certain participating transmission owners within the SPP that zonal cost allocation associated with new transmission owners as they enter the SPP are unjust and unreasonable.

Golden Spread, on its own behalf and through participation with the National Rural Electric Cooperative Association (NRECA), was and remains active in FERC's investigation of energy price formation in wholesale energy and ancillary service markets operated by regional transmission organizations and independent system operators (RTOs/ISOs), such as the SPP Integrated Marketplace, as well as other initiatives that encourage the integration of flexible resources and variable energy resources, into those markets. These initiatives should lead to gradual improvements to the efficiency of the SPP market and better reflect the true market value of resources that support the SPP's integration of intermittent renewable resources. Golden Spread actively participated on its own behalf in three such proceedings in 2017. Golden Spread submitted comments in FERC's Uplift Cost Allocation Notice of Proposed Rulemaking (RM17-2-000), a proceeding that is still pending before FERC. It also submitted comments in FERC's Minimum Pricing Requirements for Fast Start Resources Notice of Proposed Rulemaking (RM17-3-000), largely supporting these FERC-led market initiatives. On December 21, 2017, FERC terminated the Fast Start Resources proceeding and commenced instead individual, market-specific investigations, including into whether SPP's practices regarding the pricing of quick-start resources may be unjust and unreasonable. Golden Spread is also active in this ongoing proceeding.

Golden Spread's advocacy in the aforementioned FERC Rulemakings and in SPP-specific cases focus on rectifying conditions that result in improper price signals in the SPP Integrated Marketplace and appropriate market valuation of resources so that those resources can appropriately recover their costs.

Finally, on September 28, 2017, the Secretary of the Department of Energy proposed a rule for final action by FERC, requesting that FERC exercise its authority to establish just and reasonable rates for wholesale electricity sales. Under the Secretary's proposal, FERC would impose rules on RTOs/ISOs to ensure that certain reliability and resilience attributes of electric generation resources are fully valued. The proposed rule generally advances interests of merchant-owned coal and nuclear facilities, but the scope of the rule appears to be limited solely to the three Eastern RTOs with forward capacity markets. Notwithstanding the fact that the rule does not appear to apply to SPP or ERCOT, Golden Spread commented in opposition to the rule. This proceeding was subsequently terminated in early January 2018 in lieu of a new proceeding to collect information about RTO/ISO market resilience.

Golden Spread has also intervened in PUCT and Oklahoma Corporation Commission (OCC) cases that may affect Golden Spread or its Members' interests. Golden Spread opposed SPS's request that the PUCT enter an order finding that SPS has an exclusive right to construct and operate new, SPP regionally funded transmission facilities in areas of Texas that lie within SPS's certificated service area. On October 27, 2017, the PUCT rejected SPS's position, concluding that it has authority to grant certificates of convenience and necessity (CCNs) to an entity other than SPS to provide transmission-only service in the SPP, including within SPS's certificated service area. Appellate review of the PUCT's action is pending.

In 2017, SPS filed a CCN for authority to build new wind farms in Hale County, Texas, and Roosevelt County, New Mexico, with a total 1,000 MW capacity and also enter into a long-term power purchase agreement with NextEra Energy Resources' Bonita Wind Project near Lubbock for 230 MW capacity. SPS estimated the cost of the combined projects at $4.7 billion over 30 years. The projects would significantly impact SPS's retail rates and its wholesale rates for power supply. Golden Spread, along with its Member TCEC, filed testimony sponsoring studies that question whether the projects will benefit SPS's ratepayers. On February 27, 2018, the parties submitted an agreement resolving all of the issues between the parties to this proceeding, which will be considered by the PUCT in April 2018.

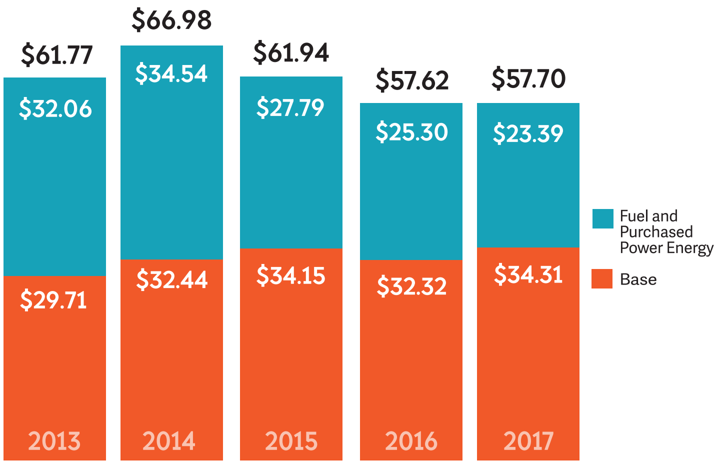
Golden Spread opposed AEP Texas North Company's (AEPTN) application to the PUCT for authority to install, own and operate utility-scale battery facilities as part of its distribution network. Golden Spread intervened in opposition based on concerns regarding the legality of the proposal and potential adverse impact on the ERCOT wholesale power supply market. A PUCT Administrative Law Judge's decision recommends approval of the application. The PUCT considered this at the January 2018 Open Meeting and issued a final order in February 2018, dismissing the application without prejudice and opening a rulemaking proceeding to address the unique issues raised by this application.

In July 2017, Southwestern Electric Power Company (SWEPCO) filed in Texas an application to amend its CCN application to include a 70% interest in a 2,000 MW wind facility and a 380-mile generation tie line connecting the wind facility in the Oklahoma Panhandle to the Tulsa area. Similarly, Public Service Company of Oklahoma (PSO) filed at the OCC for certain rate approvals for the remaining 30% interest in the project. Golden Spread intervened in both proceedings, asking that ratepayers in the SPP be held harmless from the potential roll-in of the generation tie line into the SPP transmission footprint. In February 2018, an Administrative Law Judge in Oklahoma found that PSO had not met its burden under several Oklahoma statutes and recommended that the OCC deny the rate treatments sought in the application. Hearings in the PUCT docket concluded in February as well, and Golden Spread expects a decision in both dockets in mid-2018.

Golden Spread has supported and continues to support the NRECA's and other parties' legal challenges to the EPA's new regulations on greenhouse emissions at 1) existing power plants (Clean Power Plan), and at 2) new, modified and reconstructed plants (New Source Rule). Unlike many other cooperatives, Golden Spread does not own coal-fired generating resources and was actively engaged in the EPA's regulations to protect its natural gas-fired generation. These efforts resulted in the successful protection of its new gas-fired combustion turbines at Antelope Elk Energy Center (AEEC) from unreasonable restrictions under the New Source Rule. The U.S. Supreme Court halted implementation of the Clean Power Plan (CPP) by issuing a stay on February 9, 2016. The D.C. Circuit has also granted EPA's motion to hold litigation on both rules in abeyance while the agency reviews and, if appropriate, suspends, revises or rescinds those rules. With the change of administrations in late 2016, the EPA initiatives are largely on hold and anticipated to be substantially reduced or eliminated. On October 16, 2017, EPA published its proposal to repeal the CPP and on December 28, 2017, issued an Advanced Notice of Proposed Rulemaking (ANPRM) to solicit information from the public concerning a replacement CPP rule. Golden Spread submitted comments on EPA's ANPRM advocating against unreasonable restrictions for its gas-fired combustion turbines.

RATES

AVERAGE RATE TO MEMBERS ($/MWh)



In the chart above, the 2015 rate does not include the impact of the global regulatory settlement with SPS, as discussed previously.

We took advantage of low market energy prices available in the ERCOT and SPP markets to keep rates low. In 2017, 39.0% of the energy needed to serve our Members' load was purchased from these markets, while in 2016, 27.6% was purchased from the SPP market only. We utilize market purchases to reduce Members' rates when market prices are less than our incremental production cost.

Base rates were impacted, in part, due to transmission expenses that have increased from 2016 to 2017. Both ERCOT and SPP have implemented comprehensive high-voltage transmission construction plans to improve interconnectivity within their respective grids. Transmission expenses for SPP increased from $44.2 million in 2016 to $51.2 million in 2017, an increase of 15.8%. In ERCOT, transmission expenses increased from $13.0 million in 2016 to $13.1 million in 2017, an increase of 0.8%. Transmission expenses are expected to continue to increase as more of the planned transmission projects are placed in service. For 2018, we have budgeted $73.8 million for transmission expenses compared to 2017 actual costs of almost $64.3 million.

The increase in 2017 base rates was also affected by lower megawatt-hour sales and higher depreciation expenses, somewhat offset by lower purchased power capacity costs with the expiration of two long-term contracts. The 2017 Board-approved Equity Stabilization Charge (ESC) remained steady from 2016 levels, reflecting a completion of the current generation capital expansion plan.

RESULTS OF OPERATIONS

SALES

Sales are summarized in the following table:

SUMMARY OF SALES AND REVENUE

	Years Ended December 31		
	2017	**2016**	**2015**
Operating Revenues ($ in 000s)			
Member Sales	$ 361,325	$ 373,977	$ 389,692
Settlement Refund	–	–	(44,862)
Nonmember Sales	25,276	23,838	18,738
Other	11,036	10,598	9,605
Total Operating Revenues	$ 397,637	$ 408,413	$ 373,173
Megawatt-Hour Sales (MWh in 000s)			
SPP Member Sales	4,830	5,148	4,857
ERCOT Member Sales	1,432	1,342	1,435
Total Member Sales	6,262	6,490	6,292
Nonmember Sales (includes energy and ancillary services sales)	957	1,418	555
Total MWh Sales	7,219	7,908	6,847
Average Rate to Members ($/MWh)	$ 57.70	$ 57.62	$ 61.94

The average rate to Members increased slightly by 0.1% in 2017, compared to 2016, due to higher transmission and depreciation expenses offset by business interruption insurance proceeds, which reduced fuel and purchased power energy costs and lowered purchased power capacity costs. These factors resulted in lower operating revenues in 2017 as compared to 2016. Fuel and purchased power energy costs to Members averaged $23.39 per MWh in 2017, lower than the 2016 average price of $25.30 per MWh and lower than the 2015 average price of $27.79 per MWh.

The average fuel and purchased power energy costs are affected by changes in natural gas commodity prices, which averaged $2.72 per MMBtu in 2017, $2.30 per MMBtu in 2016 and $2.76 per MMBtu in 2015. (Average natural gas commodity prices represent the annual average natural gas commodity prices per MMBtu delivered to Golden Spread's generating stations.) The average fuel and purchased power energy costs were also affected by market prices that were, in turn, influenced by natural gas prices and increases in wind energy.

Member megawatt-hour energy sales in 2017 were slightly lower than 2016. In the past few years, Member sales were impacted by variability in the oil and gas industry and fluctuations in weather, which affects irrigation sales. Irrigation sales represented 23.4% and 25.8% of megawatt-hour sales to Members in 2017 and 2016, respectively, both increases from the 21.1% related to irrigation loads in 2015. For the period of 2013 through 2017, we have seen a five-year annual compounded growth rate in Members' energy sales of (2.8)%. The five-year annual compounded growth rate in peak demand was 0.3% over the same time period. The unseasonably wet and cool conditions in 2017, 2016 and 2015 were the major contributors to the decline in sales and growth rates for the five-year period.

Nonmember sales volumes were lower in 2017 as compared to 2016 as a result of the termination, in mid-2017, of a full-requirements contract with AEP Energy Partners (AEPEP) to serve ERCOT Members. With the termination of the AEPEP contract, the ERCOT Members are being served with owned generation, therefore, less generation was available to make nonmember sales.

NET MARGINS

Net margins for 2017 were $17.6 million as compared to $10.0 million in 2016 and $28.3 million in 2015. The decline in net margins from 2015 to 2017 and 2016 is due primarily to a decision by the Board to reduce the ESC for 2017 and 2016. As we completed our generation expansion plan in 2016, the need for higher margins to support capital projects and financial metrics has decreased. A comparison of the components of net margins is set forth in the following table:

	Years Ended December 31		
Dollars in thousands	**2017**	**2016**	**2015**
Margins in Member Rates and Other	$ 15,712	$ 15,782	$ 25,807
Nonmember Sales Margins	5,859	6,577	2,517
Impairments and Other Costs	(4,000)	(12,310)	–
Net Margins	$ 17,571	$ 10,049	$ 28,324

Margins included in Member rates are a function of the annual Board-approved ESC, which establishes the amount of margins to be included in rates each year. The levels of nonmember sales margins fluctuate in relation to the volume of nonmember sales, natural gas commodity prices and the markets' need for ancillary services. When our resources were not needed to serve Members' loads, we sold power into the ERCOT and SPP markets if prices were above our incremental production cost. Nonmember sales margins in 2015 were lower because our combined-cycle facility was in an outage for the full year.

For 2017, 2016 and 2015, other sources of margins include interest earned on cash balances, patronage capital income and a small amount of farm income related to land we own. Interest income is affected in all three years due to variations in interest rates and cash balances.

Golden Spread purchased a total of four combustion turbines in 2013 and 2014. Three of these turbines have been placed in service as Elk Station Units 1, 2 and 3 at the Antelope Elk Energy Center. In late 2016, Golden Spread's management determined that there was no longer a definitive plan to put the fourth combustion turbine in service; therefore, this turbine will no longer be classified as plant held for future use. Due to this change in classification, an impairment analysis was conducted at the end of 2017 and 2016. The fair value was based on management's analysis of some historical sales information for similar type equipment. Consequently, we recorded a pretax impairment loss of $4.0 million and $12.3 million on the statement of income in 2017 and 2016, respectively.

OPERATING EXPENSES

Operating expenses are summarized in the table below:

	Years Ended December 31		
Dollars in thousands	2017	2016	2015
Fuel and Purchased Power Energy	$ 148,780	$ 170,920	$ 176,074
Settlement Refund, excluding interest	–	–	(39,442)
Purchased Power Capacity	15,001	21,632	32,608
Transmission	64,263	57,219	52,690
Plant Operations and Maintenance	24,903	23,365	24,798
Administrative and General	31,914	30,645	27,812
Depreciation	44,046	39,294	33,668
Taxes Other than Income Taxes	9,825	8,538	7,008
Other	8,810	7,910	9,523
Total	$ 347,542	$ 359,523	$ 324,739

The changes in fuel and purchased power energy costs are directly related to volume of sales, fuel costs and the volume of energy purchased under third-party power purchase agreements and net settlements in the ERCOT and SPP markets. In addition, fuel and purchased power energy costs in 2017 include a reduction of $12.2 million for recovery of business interruption insurance. For Member load, we provide the lowest cost resources available. The decrease in purchased power costs in 2017 was primarily attributed to the termination of two power purchase contracts.

Transmission costs increased from 2015 to 2017 and are expected to continue to increase in the future as previously discussed in the Rates section of the Overview.

Plant maintenance expenses vary from year to year based upon the schedule of required planned maintenance and maintenance costs resulting from unplanned outages. The increase in operations and maintenance expenses for 2017, as compared to 2016, was primarily due to the Mustang Station facility experiencing some unplanned outages during the year. Additionally, during 2017, Golden Spread worked with the insurance providers to settle the insurance claim related to the 2016-2017 steam turbine outage which offset some of the maintenance expenses that were incurred. Furthermore, Golden Spread is in the process of filing an insurance claim to recover the cost incurred with other insurable unplanned outages that occurred in 2017 and anticipates receiving the insurance proceeds during 2018.

Administrative and general costs increased in 2017 as compared to 2016 and 2015 primarily due to an increase in number of employees and employee-related expenses. Administrative and general costs also increased due to higher property and casualty insurance costs.

Depreciation expense increased in 2017 as compared to 2016 and 2015 due to a full year of depreciation on Elk Station Units 2 and 3, which began commercial operation in June 2016.

Taxes other than income taxes, which is comprised of payroll and property taxes, increased in 2017 as compared to 2016 and 2015. Payroll taxes increased due to the increase in number of employees. Property taxes increased as a result of completion of construction projects, including Elk Station Units 2 and 3 and several projects related to transmission and distribution.

LIQUIDITY AND CAPITAL RESOURCES

As of December 31, 2017, Golden Spread had available cash, cash equivalents and short-term investments of approximately $92.6 million. We also had lines of credit totaling $235.0 million for liquidity purposes, such as the financing of our current capital projects, meeting contractual obligations and for other liquidity needs. As of December 31, 2017, $13.5 million was borrowed under these credit lines. There are no restrictions, limitations or pledges of cash or any other assets, other than as separately identified on the financial statements and in the footnotes. In May 2017, Golden Spread closed on a four-year line of credit agreement with National Rural Utilities Cooperative Finance Corporation (CFC) for $80 million (downsized from the previous $125 million agreement that was set to expire in August 2017). Also in May 2017, we closed on a new five-year $50 million line of credit with CoBank. In June 2017, we closed on a three-year $75 million line of credit with Bank of America, which replaced the current $85 million agreement that would have expired at the end of 2017. In June 2016, we renewed an unsecured committed line of credit for $30 million (previously $60 million) from Amarillo National Bank. This line of credit expires June 2018. In addition to the cash balances maintained at each year end, we also had additional borrowing capability of approximately $252.4 million under the Trust Indenture at December 31, 2017.

LINE OF CREDIT USAGE

	Years Ended December 31		
	2017	2016	2015
Maximum Amount Borrowed on Lines of Credit (in Millions)	$ 79.9	$ 75.1	$ 55.1
Average Interest Rate	2.03%	1.58%	1.64%

Golden Spread and Prudential Investment Management, Inc. (Prudential) executed a two-year shelf financing arrangement on January 9, 2015. This agreement has now expired. Golden Spread and CFC executed a similar two-year shelf financing arrangement on January 23, 2015. This arrangement with CFC was amended to extend the agreement one year, and it expired in January 2018. Golden Spread and CoBank executed a similar two-year shelf financing agreement on May 7, 2015. This agreement expired in May 2017. These shelf financing arrangements facilitate an expedited process for Golden Spread to borrow funds and for Prudential, CFC and/or CoBank to loan funds, assuming that each party, independent of the other party, decides to pursue such a transaction. No party has any obligation to borrow or loan funds pursuant to these agreements. These financing arrangements established terms and conditions, maximum financing capacity and a process by which Golden Spread can request rate quotes and Prudential, CFC and/or CoBank can provide rate quotes, if Prudential, CFC and/or CoBank choose to do so. This process related to rate quotes allows each party to decide whether or not to borrow or loan funds. Any notes issued pursuant to these financing arrangements would be secured under Golden Spread's Trust Indenture.

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

The following table details our fixed contractual obligations for 2018 through 2022.

CONTRACTUAL OBLIGATIONS AT DECEMBER 31, 2017

Dollars in thousands	Payments Due			
	Total 2018-2022	2018	2019-2020	2021-2022
Principal Payments on Long-Term Debt	$ 122,819	$ 22,483	$ 47,911	$ 52,425
Interest Payments on Long-Term Debt	126,949	27,598	51,989	47,362
Purchased Power Obligations[1] - Demand	13,112	5,459	7,653	–
Purchased Power Obligations[1] - Energy	149,008	36,678	65,367	46,963
Firm Gas Transportation	53,306	9,193	23,748	20,365
Long-Term Service and Parts Agreement[1]	26,827	5,554	12,852	8,421
Wind Ranch Land Lease - Minimum Rent	3,705	741	1,482	1,482
Operating Leases	1,041	347	457	237
Total	$ 496,767	$ 108,053	$ 211,459	$ 177,255

[1]Based on estimated energy delivered and forecasted pricing

Recognizing the need for equity and liquidity for operations, balanced with the Board's desire to make annual patronage and contributed capital refunds, the Board currently employs a patronage capital retirement policy of refunding annually a percentage of the prior year-end equity balance. The Board approved a 3% payout of the 2017 and 2016 equity balance, which resulted in a 2018 payment of $12.7 million and a 2017 payment of $12.5 million in patronage and contributed capital distribution to our Members. In prior years, the Board had approved a 2% payout, which resulted in a 2015 payment of $8.0 million and a 2016 payment of $8.3 million in patronage and contributed capital distributions to our Members.

We financed our capital expansion plan by maintaining adequate cash levels and lines of credit to finance construction on an interim basis, and when interest rates and other terms were advantageous, we went to the market for long-term financings.

The new resources added will be used to serve load growth and replace expired wholesale power contracts. We have a power supply portfolio that includes a mix of owned generation and purchased power that provides energy primarily from a combination of renewable and gas-fired resources to supply our Members with reliable and reasonably priced power. We maintain target financial ratios and objectives that are deemed appropriate to ensure adequate liquidity, equity and debt service coverage ratios to support the additional debt that may be needed to fund any future capital expenditures.

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 December 2017, Moody's Investor Services reaffirmed its general corporate credit rating of A2 (unsecured) with a stable outlook. In April 2017, Standard & Poor's Rating Services reaffirmed our rating of A+, with a stable outlook. In July 2017, Fitch Ratings reaffirmed its A rating on our 2005 Series senior secured debt with a stable outlook.

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying consolidated financial statements of Golden Spread Electric Cooperative, Inc. and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the related consolidated statements of income, changes in Members' equity, and cash flows for each of the years in the three-year period ended December 31, 2017, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Golden Spread Electric Cooperative, Inc. and its subsidiaries as of December 31, 2017 and 2016, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2017, in accordance with U.S. generally accepted accounting principles.

KPMG LLP

Albuquerque, New Mexico
April 16, 2018

CONSOLIDATED BALANCE SHEETS

	December 31 2017	December 31 2016
ASSETS		
UTILITY PLANT AT COST		
Electric Plant in Service	$ 1,129,954,197	$ 1,119,944,910
Capital Maintenance	31,534,324	30,808,195
Construction Work in Progress	2,609,550	11,083,962
Less: Accumulated Depreciation - Plant and Equipment	263,104,691	225,132,230
Less: Accumulated Amortization - Capital Maintenance	15,199,266	14,313,889
Total Utility Plant	$ 885,794,114	$ 922,390,948
OTHER PROPERTY AND INVESTMENTS – AT COST OR STATED VALUE		
Investments in Associated Organizations and Special Funds	$ 5,461,884	$ 4,979,743
Plant Held for Future Use	1,249,124	1,249,124
Other Property	38,080,094	42,141,325
Total Other Property and Investments	$ 44,791,102	$ 48,370,192
CURRENT ASSETS		
Cash and Cash Equivalents	$ 92,589,170	$ 65,908,557
Short-Term Investment Securities	-	22,800,000
Accounts Receivable	32,586,833	32,995,178
Prepaid Capital Maintenance	18,631,850	17,719,397
Prepaid Expenses and Other Current Assets	22,700,040	18,290,344
Total Current Assets	$ 166,507,893	$ 157,713,476
OTHER ASSETS		
Deferred Charges	$ 2,442,005	$ 3,417,104
Other Charges	4,016,051	3,693,136
Total Other Assets	$ 6,458,056	$ 7,110,240
TOTAL ASSETS	**$ 1,103,551,165**	**$ 1,135,584,856**
MEMBERS' EQUITY AND LIABILITIES		
MEMBERS' EQUITY		
Patronage Capital	$ 411,842,157	$ 406,424,905
Contributed Capital	11,216,286	11,562,052
Total Members' Equity	$ 423,058,443	$ 417,986,957
LONG-TERM DEBT		
Mortgage Notes Less Current Maturities	$ 581,339,360	$ 593,235,320
CURRENT LIABILITIES		
Current Maturities of Long-Term Debt	$ 22,344,042	$ 21,281,576
Notes Payable	13,530,447	42,353,828
Accounts Payable	20,929,169	27,916,216
Other Accrued Expenses	36,414,534	26,479,056
Total Current Liabilities	$ 93,218,192	$ 118,030,676
DEFERRED CREDITS		
Asset Retirement Obligation	$ 3,780,561	$ 3,622,962
Other Deferred Credits	2,154,609	2,708,941
Total Deferred Credits	$ 5,935,170	$ 6,331,903
TOTAL MEMBERS' EQUITY AND LIABILITIES	**$ 1,103,551,165**	**$ 1,135,584,856**

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31		
	2017	2016	2015
OPERATING REVENUES			
Wholesale Power Sales	**$ 386,600,271**	$ 397,814,973	$ 363,568,558
Other Operating Revenues	**11,036,374**	10,597,776	9,604,703
Total Operating Revenues	**$ 397,636,645**	$ 408,412,749	$ 373,173,261
OPERATING EXPENSES			
Purchased Power	**$ 98,226,554**	$ 139,876,082	$ 138,472,498
Fuel Expense	**65,554,632**	52,676,262	30,767,002
Transmission Expense	**64,263,404**	57,218,781	52,690,008
Other Power Supply Expense	**883,917**	669,327	546,162
Plant Operations and Maintenance	**24,017,982**	22,696,108	24,252,042
Other Operating Expense	**8,810,303**	7,910,003	9,523,315
Administrative and General	**31,914,404**	30,645,139	27,811,725
Depreciation and Amortization	**44,045,970**	39,293,738	33,668,395
Taxes Other than Income Taxes	**9,824,918**	8,537,439	7,008,031
Total Operating Expenses	**$ 347,542,084**	$ 359,522,879	$ 324,739,178
OPERATING MARGINS – BEFORE FIXED CHARGES	**$ 50,094,561**	$ 48,889,870	$ 48,434,083
FIXED CHARGES			
Short-Term Interest	**$ 1,306,386**	$ 679,890	$ 317,555
Interest on Long-Term Debt	**27,578,730**	29,075,937	28,714,370
Allowance for Borrowed Funds Used During Construction	**-**	(2,863,785)	(3,738,294)
Amortization of Debt Issuance Costs	**139,379**	153,893	161,150
Total Fixed Charges	**$ 29,024,495**	$ 27,045,935	$ 25,454,781
OPERATING MARGINS – AFTER FIXED CHARGES	**$ 21,070,066**	$ 21,843,935	$ 22,979,302
NONOPERATING MARGINS			
Interest and Capital Credit Income	**$ 1,944,422**	$ 1,384,075	$ 6,335,676
Asset Impairment	**(4,000,000)**	(12,309,775)	-
Gain (Loss) on Disposition of Property	**-**	12,000	(263,601)
Other Expense	**(1,443,002)**	(880,802)	(727,722)
Total Nonoperating Margins	**$ (3,498,580)**	$ (11,794,502)	$ 5,344,353
NET MARGINS	**$ 17,571,486**	$ 10,049,433	$ 28,323,655

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN MEMBERS' EQUITY

Years ended December 31, 2017, 2016 and 2015

	Patronage Capital	Contributed Capital	Total
BALANCE DECEMBER 31, 2014	$ 383,873,276	$ 12,040,593	$ 395,913,869
Net Margins - 2015	$ 28,323,655	$ -	$ 28,323,655
Patronage/Contributed Capital Retirement	(7,756,703)	(243,297)	(8,000,000)
BALANCE DECEMBER 31, 2015	$ 404,440,228	$ 11,797,296	$ 416,237,524
Net Margins - 2016	$ 10,049,433	$ -	$ 10,049,433
Patronage/Contributed Capital Retirement	(8,064,756)	(235,244)	(8,300,000)
BALANCE DECEMBER 31, 2016	$ 406,424,905	$ 11,562,052	$ 417,986,957
Net Margins - 2017	$ 17,571,486	$ -	$ 17,571,486
Patronage/Contributed Capital Retirement	(12,154,234)	(345,766)	(12,500,000)
BALANCE DECEMBER 31, 2017	$ 411,842,157	$ 11,216,286	$ 423,058,443

See accompanying notes to consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Years Ended December 31	
	2017	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES			
Net Margins	**$ 17,571,486**	$ 10,049,433	$ 28,323,655
Adjustments to Reconcile Net Margins to Net Cash Provided by Operating Activities			
Depreciation and Amortization	**44,878,159**	40,064,561	33,829,545
Loss (Gain) on Disposition of Property and Other Write-Offs	**464,325**	(12,000)	91,481
Asset Impairment	**4,000,000**	12,309,775	-
Capital Credits	**(1,040,401)**	(896,362)	(833,245)
Changes in Assets and Liabilities			
Deferred Charges	**685,777**	(14,338)	(205,281)
Other Assets	**(322,915)**	151,813	(5,644)
Deferred Credits	**890,558**	86,413	(732,730)
Deferred Income Tax	**-**	-	910,000
Accounts Receivable	**(55,980)**	(5,570,011)	5,879,622
Prepayments and Other Current Assets	**(7,517,744)**	2,198,678	(12,894,188)
Payables and Accrued Expenses	**1,190,895**	(17,319,765)	9,223,963
Net Cash Provided by Operating Activities	**$ 60,744,160**	$ 41,048,197	$ 63,587,178
CASH FLOWS FROM INVESTING ACTIVITIES			
Additions to Utility Plant	**$ (5,380,878)**	$ (65,909,697)	$ (114,973,604)
Proceeds from Sale of Assets	**13,223**	19,000	197,500
Additions to Other Property and Plant Held for Future Use	**(631,580)**	(629,997)	(3,189,587)
Investments in Other and Short-Term Investment Securities	**(37,776,664)**	(25,300,000)	(49,986,500)
Maturity of Other and Short-Term Investment Securities	**60,558,546**	27,193,415	25,293,085
Investments in Associated Organizations	**576,379**	691,852	508,806
Net Cash Provided by (Used in) Investing Activities	**$ 17,359,026**	$ (63,935,427)	$ (142,150,300)
CASH FLOWS FROM FINANCING ACTIVITIES			
Retirement of Patronage and Contributed Capital	**$ (12,500,000)**	$ (8,300,000)	$ (8,000,000)
Advances on Long-Term Debt	**-**	-	100,000,000
Payments on Long-Term Debt	**(21,438,671)**	(50,562,250)	(18,649,068)
Advance on Long-Term Debt - Special Facilities	**11,339,479**	3,220,363	22,779,160
Borrowings - Notes Payable	**401,297,364**	346,769,664	244,523,066
Repayments -Notes Payable	**(430,120,745)**	(308,935,555)	(291,065,956)
Net Cash (Used in) Provided by Financing Activities	**$ (51,422,573)**	$ (17,807,778)	$ 49,587,202
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	**$ 26,680,613**	$ (40,695,008)	$ (28,975,920)
CASH AND CASH EQUIVALENTS – BEGINNING OF YEAR	**65,908,557**	106,603,565	135,579,485
CASH AND CASH EQUIVALENTS – END OF YEAR	**$ 92,589,170**	$ 65,908,557	$ 106,603,565
Supplemental Disclosures			
Interest Paid During the Year	**$ 29,153,107**	$ 28,667,936	$ 28,335,122

Noncash Investing and Financing Transactions:

In 2017, Golden Spread had three significant noncash transactions: equipment impairment of $4,000,000 in other property; asset write-offs of $753,647 in accounts receivable and deferred charges and transfer of prepaid capital maintenance to capital maintenance in the amount of $3,758,844 to account for 2017 maintenance activities.
In 2017, notes payable in the amount of $11,339,479 were refinanced to long-term debt.

In 2016, Golden Spread had three significant noncash transactions: equipment impairment of $12,309,775 in other property; transfer of equipment from inventory to plant of $1,392,794 and transfer of prepaid capital maintenance to capital maintenance in the amount of $2,346,457 to account for 2016 maintenance activities.
In 2016, notes payable in the amount of $1,825,403 were refinanced to long-term debt.

In 2015, Golden Spread had three significant noncash transactions: transfer of equipment from plant held for future use to construction work in progress of $77,504,550; transfer of equipment from preliminary survey and investigation to construction work in progress of $1,338,374 and transfer of prepaid capital maintenance to capital maintenance in the amount of $623,570 to account for 2015 maintenance activities.
In 2015, notes payable in the amount of $21,423,313 were refinanced to long-term debt.

See accompanying notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2017 and 2016

1. Organization and Operations

Golden Spread is a consumer-owned public utility, organized in 1984 to provide low cost, reliable electric service for our rural distribution cooperative Members. The consolidated balance sheets include the accounts of Golden Spread Electric Cooperative, Inc. (Golden Spread) and its wholly owned operating subsidiaries, Golden Spread Panhandle Wind Ranch, LLC (GSPWR) and GSEC Properties, LLC (GSEC Properties), at December 31, 2017 and 2016. On September 30, 2015, Golden Spread closed on the sale of its 100% ownership interest in Fort Concho Gas Storage, Inc. (FCGS) to an unaffiliated third party. The consolidated statements of income, statement of changes in Members' equity and cash flows for 2017, 2016 and 2015 include the accounts of Golden Spread and its wholly owned operating subsidiaries, FCGS, GSPWR and GSEC Properties. Another subsidiary, Mid-Tex Generation and Transmission Electric Cooperative, Inc. (Mid-Tex) has no operations at this time. The consolidated entity is collectively referred to as "Golden Spread." Golden Spread's headquarters are located in Amarillo, Texas.

Golden Spread's Members are 16 rural electric distribution cooperatives 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 are located in the Electric Reliability Council of Texas (ERCOT) and the Southwest Power Pool (SPP) regions.

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. FCGS was subject to the rules and regulations of the Texas Railroad Commission. GSPWR is subject to FERC jurisdiction.

Golden Spread is tax-exempt under Internal Revenue Code Section 501(c)(12) as long as 85% of its gross receipts (as defined under the Internal Revenue Code) are derived from sales to Members. For each of the three years ended December 31, 2017, 2016 and 2015, the 85% test was met. Any revenues earned in excess of costs incurred are allocated to Members of Golden Spread and are reflected as patronage capital equity in the accompanying consolidated balance sheets.

2. Summary of Significant Accounting Policies

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

(a) Principles of Consolidation

The consolidated financial statements include the accounts of Golden Spread 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. In 2015, operating revenues include a regulatory refund (note 16). 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. At December 31, 2017, $0.1 million was under collected from Members and at December 31, 2016, $2.8 million was over collected from Members.

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

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 is recorded.

(c) Utility Plant

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

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

Production Plant	15 – 30 years
Transmission and Distribution Plant	6 – 36 years
Gas Interconnections	15 years
General Plant	3 – 10 years

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

AFUDC represents the cost of interest capitalized during the construction period. AFUDC was zero in 2017. In 2016 and 2015, interest of $2.9 million and $3.7 million, respectively, was capitalized as part of the costs of Elk Station Units 2 and 3 and the Grid Switching Project in 2016 and Elk Station Units 1, 2 and 3 in 2015, which represented an average interest rate of 3.96% and 3.80%, respectively.

(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 $2.0 million and $2.1 million for 2017 and 2016, respectively, are 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) Investment Securities

Investment securities consist of corporate debt securities. Golden Spread classifies all of its debt securities as held-to-maturity (HTM). HTM debt securities are those debt securities in which Golden Spread has the ability and intent to hold the security until maturity. HTM debt securities are recorded at amortized cost. Short-term investment securities consist of corporate debt securities with a maturity date of greater than 90 days and less than one year. A decline in the market value of any HTM security below cost that is deemed to be other than temporary, results in an impairment to reduce the carrying amount to fair value. To determine whether impairment is other than temporary, Golden Spread considers all available information relevant to the collectibility of the security, including past events, current conditions and reasonable and supportable forecasts when developing estimates of cash flows expected to be collected. Evidence considered in this assessment includes the reasons for the impairment, the severity and duration of the impairment, changes in value subsequent to year-end, forecasted performances of the investee and the general market condition in the geographic area or industry the investee operates. Golden Spread's HTM investments are invested at National Rural Utilities Cooperative Finance Corporation (CFC) and a local bank.

(h) Inventory
Inventories are stated at cost and are included in prepaid expenses and other current assets in the accompanying 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.

(i) Other Property
At December 31, 2017 and 2016, other property includes land, water rights, generation equipment and a seven-story office building in which Golden Spread's headquarters are located.

(j) Regulatory Assets and Liabilities
Golden Spread defers certain expenses that will be recovered through Golden Spread's future rates in accordance with GAAP applicable to rate-regulated enterprises. Regulatory assets would be charged as an expense, if and when future recovery in rates of that asset is no longer probable.

(k) 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.

(l) Reclassifications
Certain reclassifications have been made to the 2016 and 2015 financial statement amounts to conform to the 2017 presentation.

(m) 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.

(n) Income Taxes
Golden Spread is a cooperative corporation that is tax-exempt under Internal Revenue Code Section 501(c)(12) as long as 85% of its gross receipts (as defined) are derived from sales to Members. For each of the three years ended December 31, 2017, 2016 and 2015, the 85% test was met.

Golden Spread's wholly owned current and former subsidiaries, GSPWR and FCGS, are taxable as C corporations under the Internal Revenue Code. GSEC Properties is a single-member LLC and is a disregarded entity for income tax purposes.

Golden Spread has adopted the "uncertain tax positions" provisions of GAAP. The primary tax positions of Golden Spread are its filing status as a tax-exempt entity and its need to avoid exceeding a certain percentage of its income from nonmembers to maintain its tax-exempt status. Golden Spread has determined that it is more likely than not that its 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. For the years ended December 31, 2017 and 2016, Golden Spread paid no income taxes.

Golden Spread and each of its current or former wholly owned subsidiaries, except GSEC Properties (whose income, as a pass-through entity, was reported on Golden Spread's tax return) file separate income tax returns in the U.S. federal jurisdiction. Golden Spread is no longer subject to income tax examinations by federal taxing authorities for years before 2014.

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

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

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

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

3. Asset Impairment

Golden Spread purchased a total of four combustion turbines in 2013 and 2014. Three of these turbines have been placed in service as Elk Station Units 1, 2 and 3, at the Antelope Elk Energy Center. In late 2016, Golden Spread determined that there was no longer a definitive plan to put the fourth combustion turbine in service; therefore, this turbine will no longer be classified as plant held for future use. Due to this change in classification, an impairment analysis was conducted at the end of 2017 and 2016. Golden Spread determined the fair value of the turbine based on historical sales data for similar assets (Level 3 observation). Consequently, Golden Spread recorded a pretax impairment loss of $4.0 million and $12.3 million on the consolidated statement of income in 2017 and 2016, respectively.

4. Utility Plant

The components of utility plant are summarized as follows:

	December 31	
	2017	2016
Plant in Service:		
Land	$ 2,826,034	$ 2,826,034
Production Plant	966,585,546	966,630,589
Transmission and Distribution Plant	134,996,929	131,405,783
General Plant	25,545,688	19,082,504
Total Electric Plant in Service	$1,129,954,197	$1,119,944,910
Capital Maintenance	31,534,324	30,808,195
Construction Work in Progress	2,609,550	11,083,962
Total Electric Plant	**$1,164,098,071**	**$1,161,837,067**

At December 31, 2017 and 2016, construction work in progress consisted primarily of construction expenditures related to production, transmission and distribution plant.

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

Transmission and distribution plant is excluded from the Trust Indenture (note 10) 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 that benefit from the facilities.

5. Cash and Cash Equivalents

Cash and cash equivalents are summarized as follows:

	December 31	
	2017	2016
Cash	$ 9,744,288	$ 11,532,952
Commercial Paper		
and Certificate of Deposit	27,735,398	13,405,737
CFC Select Notes	55,008,543	40,877,641
CFC Daily Fund Investment	100,941	92,227
Total Cash and Cash Equivalents	$ 92,589,170	$ 65,908,557

Cash and cash equivalents are recorded at cost, which approximates fair value. The commercial paper and certificate of deposit matured by January 5, 2018, and had interest rates ranging from 1.51% to 1.70%. The CFC Select Notes matured by January 29, 2018, and had interest rates ranging from 1.36% to 1.64%. The CFC daily fund investments earn interest at a variable interest rate (0.95% at December 31, 2017).

6. Short-Term Investment Securities

There were no short-term investments at December 31, 2017. The short-term investment securities at December 31, 2016 were:

	December 31	
	2017	2016
Short-Term Investment Securities:		
CFC Select Notes	$ –	$ 22,800,000

The CFC Select Notes had maturity dates from January 30 to February 27, 2017, with interest rates ranging from 0.79% to 0.89% at December 31, 2016. The carrying value of the short-term investment securities approximated fair value.

7. 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 $4.8 million, $4.7 million and $5.4 million in 2017, 2016 and 2015, 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 are 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 maintenance account ($18.6 million and $17.7 million at December 31, 2017 and 2016, respectively) until the maintenance services have been performed. Once the maintenance services have been performed, the associated cost is transferred to capital maintenance and amortized over the maintenance interval for the associated type of maintenance.

The term of the LTSPA will expire after the earlier of the 23rd anniversary of the LTSPA in 2024, or the completion of the third major inspection (expected to take place during the years 2021 and 2022) for the applicable gas turbine (based upon current manufacturer's recommendations); however, the spare parts discounts and factory repair services will remain in effect through the 23rd anniversary of the LTSPA.

8. Deferred and Other Charges

Golden Spread is subject to the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 980, *Regulated Operations*. Regulatory assets represent probable future revenue to Golden Spread associated with certain costs that will be recovered from Members through the ratemaking process.

Deferred charges consist of the following:

	December 31	
	2017	2016
Regulatory Assets	$ 1,671,787	$ 1,671,787
Preliminary Survey and Investigation	533,827	1,584,531
Other Deferred Charges	236,391	160,786
Total Deferred Charges	$ 2,442,005	$ 3,417,104

Other Charges at December 31, 2017, include prepaid pension of $1.8 million (note 14) and supplemental pension of $2.2 million (note 14). Other charges at December 31, 2016, include prepaid pension of $2.2 million (note 14) and supplemental pension of $1.5 million (note 14).

9. Derivative Instruments and Hedging

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

In addition, Golden Spread periodically purchases Financial Transmission Rights (FTR) to manage future cash flows from congestion in energy markets. FTRs are purchased from ERCOT or SPP and the value is derived from congestion costs 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. These represent $2.1 million in 2017. The change in the fair value for FTRs resulted in a pretax gain of $0.2 million in 2017. 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.

There were no other derivative instruments held at December 31, 2017 or 2016.

10. Long-Term Debt

Long-term debt is summarized as follows:

	December 31	
	2017	2016
5.75% Senior Secured Notes, due through 2025	$ 28,087,900	$ 31,009,500
5.00% Senior Secured Note, due through 2043	69,790,753	71,117,205
4.95% Senior Secured Notes, due through 2041	134,685,517	137,566,166
4.35% Senior Secured Notes, due through 2031	196,059,112	206,052,367
3.93% Senior Secured Note, due through 2045	19,022,970	19,406,390
3.82% Senior Secured Notes, due through 2045	38,120,662	38,893,795
3.75% Senior Secured Note, due through 2045	38,104,650	38,884,075
2.75% – 8.10% Fixed Rate Mortgage Notes,		
due through 2050	79,898,445	72,798,663
Variable Rate Mortgage Notes, due through 2041	1,915,652	930,372
Debt Issuance Costs	(2,002,259)	(2,141,637)
	$ 603,683,402	$ 614,516,896
Less Current Maturities	22,344,042	21,281,576
	$ 581,339,360	$ 593,235,320

Golden Spread and Prudential Investment Management, Inc. (Prudential) executed a two-year shelf financing arrangement on January 9, 2015. This agreement expired in January 2017. Golden Spread and CFC executed a similar two-year shelf financing arrangement on January 23, 2015. This financing arrangement with CFC was extended one year, and expired in January 2018. Golden Spread and CoBank executed a similar two-year shelf financing agreement on May 7, 2015. This agreement expired in May 2017. These shelf financing arrangements facilitated an expedited process for Golden Spread to borrow funds and for Prudential, CFC and/or CoBank to loan funds, assuming that each party independent of the other party decides to pursue such a transaction. No party had any obligation to borrow or loan funds pursuant to these agreements. These financing arrangements established terms and conditions, maximum financing capacity and a process by which Golden Spread could request rate quotes, and Prudential, CFC and/or CoBank, respectively, could provide rate quotes, if Prudential, CFC and/or CoBank choose to do so. This process related to rate quotes allowed each party to make a decision about whether or not to borrow or loan funds. Any notes issued pursuant to these financing arrangements would be secured under Golden Spread's Trust Indenture.

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

All of the senior secured notes are fully amortizing over the term of the loans except the $30.0 million 2.74% note, which was a five-year balloon note due in August 2016. This balloon note was paid off early in May 2016.

The other senior secured notes are first mortgage obligations issued by Golden Spread in August 2011 and May 2005, through private placement offerings and in July 2013 with CFC. The senior secured notes are secured under a Trust Indenture, amended and restated as of June 29, 2012, as supplemented (Trust Indenture). Pursuant to the Trust Indenture, Golden Spread has created a first lien on certain tangible and intangible assets in favor of the indenture trustee to secure debt issued under the Trust Indenture on a pro rata basis. Golden Spread's subsidiary issues notes under a trust indenture substantially identical to the Trust Indenture. These notes constitute "Qualifying Securities" under the Trust Indenture and are assets of Golden Spread. These Qualifying Securities may be "Designated Qualifying Securities" or "Undesignated Qualifying Securities" under the Trust Indenture. In the case of Designated Qualifying Securities, Golden Spread issues debt under the Trust Indenture on the basis of the Designated Qualifying Securities, and the Designated Qualifying Securities have the same terms as the Golden Spread debt. At December 31, 2017, Designated Qualifying Securities of $62.7 million related to GSPWR remained under the Trust Indenture.

Assets held under the Trust Indenture totaled $939.8 million at December 31, 2017, and includes land, production plant, plant related general plant, plant held for future use and Designated Qualifying Securities of GSPWR (eliminated in consolidation), as reported on the consolidated balance sheets. The Trust Indenture requires Golden Spread to establish and collect rates for the use or the sale of the output, capacity or service of its system that, together with other revenues available to Golden Spread, are reasonably expected to yield a Margins for Interest Ratio of at least 1.10 for each fiscal year. The Trust Indenture also contains restrictions on distributions by Golden Spread to its Members. The supplemental indenture under which the 2005 senior secured notes were issued contains certain other covenants. These covenants include the maintenance of (i) patronage capital and contributed capital in an amount of not less than $50.0 million and (ii) a debt service coverage ratio of not less than 1.25. At December 31, 2017 and 2016, Golden Spread had met all requirements of the Trust Indenture.

At December 31, 2017, Golden Spread had sufficient assets, including Qualifying Securities under the indenture to issue approximately $252.4 million in additional debt.

The variable and fixed rate mortgage notes are due in either monthly or quarterly installments and are secured by Golden Spread's transmission and distribution assets (with a net book value of $77.7 million and $76.9 million at December 31, 2017 and 2016, respectively) and the revenues recoverable through the special facilities charges associated with the transmission and distribution assets. These assets are excluded from the Trust Indenture and the variable and fixed rate mortgage notes are not secured under the Trust Indenture. GSEC Properties assets are also excluded from the Trust Indenture.

As of December 31, 2017, annual maturities of long-term debt for the next five years are as follows:

2018	$ 22,344,042
2019	23,314,459
2020	24,318,029
2021	25,509,025
2022	26,636,895

11. Short-Term Credit Facilities

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

	December 31	
	2017	2016
Borrowings under Lines of Credit at Weighted Average Rates of 2.03% and 1.58% at December 31, 2017 and 2016, respectively	$ 13,530,447	$ 42,353,828

In May 2017, Golden Spread closed on a four-year line of credit agreement with CFC for $80 million (downsized from the previous $125 million agreement that was set to expire in August of 2017). This agreement bears interest at LIBOR plus a credit spread for the four-year term. This line of credit is also available to provide letters of credit. In May 2017, a $10.0 million letter of credit was issued under this arrangement. There were no borrowings outstanding under this line of credit at December 31, 2017.

In June 2017, Golden Spread closed on a three-year $75 million, unsecured line of credit with Bank of America, which replaced the current $85 million agreement that would have expired at the end of 2017. This agreement bears interest at LIBOR plus a credit spread for the three-year term. Borrowings under this line of credit at December 31, 2017 and 2016, were $13.1 million and $31.7 million, respectively.

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

In June 2016, Golden Spread renewed, for $30.0 million (previously $60.0 million), its unsecured committed line of credit from Amarillo National Bank that has interest at LIBOR plus a credit spread. This line of credit expires June 2018. Borrowings under this line of credit at December 31, 2017 and 2016, were $0.4 million and $10.7 million, respectively.

12. Asset Retirement Obligation

The FASB issued ASC Subtopic 410-20, *Asset Retirement and Environmental Obligations*. FASB ASC Subtopic 410-20 provides accounting requirements for costs associated with the legal obligations to retire long-lived assets. Under FASB ASC Subtopic 410-20, the asset retirement obligation 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 adopted this statement effective with commercial operation date of the wind turbines. GSPWR's asset retirement obligation is associated with the obligation to restore the land leased site 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 2017 and 2016 consolidated balance sheets, and the changes in the net liability for the years ended December 31, 2017 and 2016, are as follows:

	December 31	
	2017	2016
Beginning Balance	$ 3,622,962	$ 3,471,933
Liability Settled During the Year	—	—
Accretion Expense	157,599	151,029
Ending Balance	$ 3,780,561	$ 3,622,962

13. Income Taxes

At December 31, 2017 and 2016, GSPWR had a cumulative financial income of $1.6 million and $1.1 million, respectively, and a cumulative federal tax loss carryforward of $39.4 million and $33.8 million, respectively, (due partially to a permanent difference related to Treasury Section 1603 50% basis increase, but also to temporary differences due to tax depreciation). These tax loss carryforwards expire between 2031 and 2037. The current tax expense for 2017 and 2016 was zero. The deferred income tax expense for 2017 was $1.3 million using the corporate statutory rate of 21.0%. The deferred income tax expense for 2016 was $2.1 million using the corporate statutory rate of 34.0%. The related deferred tax assets for 2017 of $8.3 million (computed using the corporate statutory rate of 21.0%) and for 2016 of $11.5 million (computed using the corporate statutory rate of 34.0%), have been fully reduced by a valuation allowance for the amount net of other deferred tax liabilities related to depreciation for 2017 of $3.7 million and for 2016 of $3.8 million, respectively, based on expected net realizable value. Therefore, no deferred tax asset or liability has been recognized.

14. Pension Benefits

Golden Spread provides pension benefits for substantially all of its employees through the National Rural Electric Cooperative Association (NRECA) Retirement and Security Program (RS Plan) and Savings Plan. The RS Plan is a defined-benefit pension plan qualified under Section 401 and tax-exempt under Section 501(a) of the Internal Revenue Code. It is a multiemployer plan under the accounting standards. The plan sponsor's Employer Identification Number is 53-0116145 and the Plan Number is 333. Golden Spread makes contributions to the RS Plan as required by the plan agreement. This multiemployer plan is available to all member cooperatives of NRECA. A unique characteristic of a multiemployer plan compared to a single employer plan is that all plan assets are available to pay benefits of any plan participant. Separate asset accounts are not maintained for participating employers. This means that assets contributed by one employer may be used to provide benefits to employees of other participating employers. Golden Spread's contributions to the RS Plan in 2017 and in 2016 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 in 2017, 2016 and 2015 were $2.5 million, $2.5 million and $2.2 million, respectively. There have been no significant changes that affected the comparability of total employer contributions for 2017, 2016 and 2015. 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, 2017 and 2016, 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 of the NRECA Board of Directors, the Committee approved an option to allow participating cooperatives in the RS Plan to make a contribution prepayment and reduce future required contributions. The prepayment amount is a cooperative's share, as of January 1, 2013, of future contributions required to fund the RS Plan's unfunded value of benefits earned to date using RS Plan actuarial valuation assumptions. The prepayment amount will typically equal approximately 2.5 times a cooperative's annual RS Plan required contribution as of January 1, 2013. After making the prepayment, for most cooperatives the billing rate is reduced by approximately 25%, retroactive to January 1, 2013. The 25% differential in billing rates is expected to continue for approximately 15 years. However, changes in interest rates, asset returns and other plan experience different from expected, plan assumption changes and other factors may have an impact on the differential in billing rates and the 15-year period. On March 29, 2013, Golden Spread made a prepayment of $3.6 million to the RS Plan. Golden Spread is amortizing this amount over 10 years.

The Savings Plan has been established under Code Section 401(k) of the Internal Revenue Code, as a defined-contribution plan. Under the Savings Plan, Golden Spread matches employee contributions up to a maximum of 4.0% of each participating employee's salary. Employer contributions to the plan for the years ended December 31, 2017, 2016 and 2015 were $0.4 million for each year.

Golden Spread has a deferred compensation plan to provide supplemental retirement benefits for certain highly compensated employees. At December 31, 2017 and 2016, the liability associated with the deferred compensation plan was $52,000 and $1.5 million, respectively. Such amounts are included in deferred credits in the accompanying financial statements.

In addition, under the NRECA-sponsored deferred compensation plan, Golden Spread has been required to make contributions to NRECA to offset the ultimate funding of the liability by Golden Spread. Investments of $2.2 million and $1.5 million are included in other charges in the accompanying consolidated financial statements at December 31, 2017 and 2016, respectively. Upon the vesting of any employees who are participants in the plan, Golden Spread will fully fund any liability to the employee, and NRECA will provide Golden Spread with a credit of an equal amount, which will be used to reduce Golden Spread's required future contributions to the defined-benefit pension plan discussed in the first paragraph of this section.

15. Significant Customers

Golden Spread has four Members whose power purchases typically represent at least 10% of Golden Spread's annual power sales to its Members. For each of the three years ended December 31, 2017, 2016 and 2015, sales to South Plains Electric Cooperative, Inc. represented 14% to 16% of sales to Members (11% to 14% of total sales) and sales to Deaf Smith Electric Cooperative, Inc. represented 9% to 12% of sales to Members (7% to 10% of total sales). In the same periods, sales to Lyntegar Electric Cooperative, Inc. represented 10% to 12% of sales to Members (8% to 10% of total sales) and sales to Tri-County Electric Cooperative, Inc. represented 9% to 11% of sales to Members (7% to 10% of total sales).

16. Commitments and Contingencies

Golden Spread was a party to a long-term Replacement Power Sales Agreement (RPSA) with Southwestern Public Service Company (SPS), a wholly owned subsidiary of Xcel Energy, which would have terminated on April 30, 2019. Golden Spread was able to permanently reduce to zero its fixed contract capacity and energy purchases under this RPSA, effective May 31, 2017.

Golden Spread separately entered into an agreement with its Member, Tri-County Electric Cooperative, Inc. (TCEC) in 2017, and under this agreement, Golden Spread will become the future full-requirements supplier of a portion of TCEC's service territory in Oklahoma located at the Texas County and Cole Interchanges, which had been historically served exclusively by SPS. The territory currently consists of approximately 57 MW of load (coincident peak). Part of the agreement included Golden Spread taking assignment of TCEC's long-term power sales agreement with SPS, effective January 1, 2018, for the remainder of its term in 2020. Golden Spread, in conjunction with TCEC, has given notice to SPS under the agreement to reduce purchases from SPS commencing in 2019, as permitted by the agreement.

Golden Spread served its Members' loads in ERCOT with power purchased pursuant to two partial-requirements wholesale power agreements with AEP Energy Partners, Inc. (AEPEP) that commenced on January 1, 2014, and terminated on May 31, 2017.

Golden Spread is obligated under a 20-year power purchase agreement to purchase all the energy produced by a 105.8 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 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 5 MW and have terms of varying lengths, terminating from 2025 through 2042.

In August 2015, Golden Spread settled multiple regulatory disputes associated with Golden Spread's wholesale purchased power and transmission rates charged by SPS. This global settlement resolved nine pending cases before FERC, some originating as early as 2004, including disputes over the peak demand method of allocating production and transmission costs, Golden Spread complaints to lower SPS's authorized return on equity and other rate issues. The global settlement also resolved one pending court of appeals case and numerous rate disputes that would otherwise have been raised to FERC in formal proceedings. Overall, the settlement provided a direct refund to Golden Spread for the benefit of its Members of $44.86 million, including interest. This refund was paid by SPS in December 2015. Other benefits of the settlement will manifest themselves in the form of certain prospective rate treatments.

On September 13, 2016, Golden Spread's Mustang Station Unit 3 (steam turbine generator) suffered damages to the intermediate pressure/low pressure section of the steam turbine. Repairs were made and the unit was put back in service on February 15, 2017. Golden Spread settled the insurance claim related to this event. In addition to the property claim, Golden Spread lost the use of Unit 3, which is the steam unit in its 2x1 combined cycle plant, for approximately 155 days. Golden Spread has business interruption (BI) insurance related to the loss of this generator. Golden Spread filed a BI claim for this outage period. Golden Spread recovered BI proceeds of $12.2 million, which were recorded as a reduction of purchased power expense, for the loss of this generator during the outage period.

On June 8, 2017, Golden Spread's Mustang Station Unit 3 (steam turbine generator) tripped offline due to a high vibration alarm. Upon inspection, damages were found, which required repair. The cost of repairs is expected to be approximately $1.5 million. Golden Spread has a comprehensive insurance policy and has filed a claim to recover the cost incurred. Unit 3 experienced a 37-day outage as a result of this issue and returned to service on July 15, 2017.

On June 23, 2017, while performing maintenance on Mustang Station Unit 4 generation step up transformer, the maintenance crew found internal damage to the transformer from a draw lead that had begun to fail. The damaged transformer was replaced by a spare transformer. Golden Spread has incurred $2.3 million in cost related to this outage. Golden Spread has a comprehensive insurance policy and is in the process of filing a claim to recover this cost.

17. Disclosures about Fair Value of Financial Instruments

The carrying value for cash and cash equivalents, short-term investment securities, accounts receivable, notes payable and accounts payable approximates fair value given the short period to maturity of these instruments. Long-term variable interest notes reprice frequently at market rates; therefore, the carrying amounts approximate fair value.

Many of Golden Spread's long-term fixed rate obligations included in the accompanying consolidated financial statements are obligations that lack an available market with similar terms, conditions and maturities. Therefore, Golden Spread used Level 2 inputs in determining the fair value of its long-term debt.

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 including generation and transmission schedules that have less observable inputs, therefore, these are assigned as Level 3 fair value measurement.

The fair value of Golden Spread's CFC fixed rate long-term debt is calculated by computing the net present value of the individual notes using the current CFC market rate and other inputs to assist in determining a discount rate to be used in determining the fair value of the CFC fixed rate long-term debt.

The fair value of the senior secured notes is estimated by computing the net present value for each note, using current market interest rates and credit spreads for debt with similar attributes to assist in determining a market rate to be used in determining the fair value of the senior secured notes.

The following table presents the carrying amounts and estimated fair value of Golden Spread's financial instruments at December 31, 2017 and 2016. The carrying amounts shown in the table are included in the consolidated balance sheets.

	December 31			
	2017		2016	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial Assets:				
Cash and Cash Equivalents	$ 92,589,170	$ 92,589,170	$ 65,908,557	$ 65,908,557
Short-Term Investment Securities	–	–	22,800,000	22,800,000
Financial Transmission Rights	2,139,944	2,139,944	–	–
Accounts Receivable	32,586,833	32,586,833	32,995,178	32,995,178
Financial Liabilities:				
Mortgage Notes Including Current Maturities of Long-Term Debt:				
CFC Long-Term Debt	$ 81,814,097	$ 79,418,722	$ 73,729,035	$ 70,347,542
5.75% Senior Secured Notes	28,087,900	30,575,318	31,009,500	34,431,482
5.00% Senior Secured Note	69,790,753	78,112,244	71,117,205	79,073,918
4.95% Senior Secured Notes	134,685,517	149,418,314	137,566,166	152,101,043
4.35% Senior Secured Notes	196,059,112	204,528,644	206,052,367	216,647,484
3.93% Senior Secured Note	19,022,970	19,043,541	19,406,390	19,180,218
3.82% Senior Secured Notes	38,120,662	37,692,079	38,893,795	37,955,376
3.75% Senior Secured Note	38,104,650	37,373,010	38,884,075	38,321,913
Debt Issuance Costs	(2,002,259)	–	(2,141,637)	–
Total Mortgage Notes	$ 603,683,402	$ 636,161,872	$ 614,516,896	$648,058,976
Notes Payable	$ 13,530,447	$ 13,530,447	$ 42,353,828	$ 42,353,828
Accounts Payable	20,929,169	20,929,169	27,916,216	27,916,216

The financial debt liabilities in the table above are considered Level 2 due to the availability of observable inputs for the asset or liability, either directly or indirectly, for substantially the full term of the liability. Financial Transmission Rights are based on Level 3 observations. All other financial instruments are considered Level 1.

18. Leases

Golden Spread has several operating leases as outlined in the table below.

In December 2016, Golden Spread entered into a lease to provide data centers.

The lease amounts for 2017, 2016 and 2015 are as follows:

	2017	2016	2015
Warehouse Lease	$ –	$ –	$ 157,860
Lubbock Office Space	118,500	118,500	118,500
Wind Ranch Land Lease – Minimum Rent	712,498	712,498	712,498
Wind Ranch – Production Royalty Payments	179,363	197,147	173,496
Data Centers	221,760	14,596	–
Total	$ 1,232,121	$ 1,042,741	$ 1,162,354

In 2007, Golden Spread entered into a warehouse lease with an initial term of one year with nine one-year extensions available. This lease was terminated in October 2015. The lease for the Lubbock office space is from April 1, 2013 through March 31, 2023. The data centers lease is a 36-month lease, expiring in November 2019, and has an option to renew for an additional six-month term. The future lease payments are listed below:

	Data Centers	Lubbock Office	Wind Ranch Land Lease
2018	$ 228,413	$ 118,500	$ 740,874
2019	219,781	118,500	740,874
2020	–	118,500	740,874
2021	–	118,500	740,874
2022	–	118,500	740,874

Golden Spread's subsidiary GSPWR, has 34 wind turbines that were installed on land that has nine separate land leases. Upon commencement of commercial operations in September 2011, and the beginning of the first extended lease term, GSPWR is obligated to pay land lease payments comprising minimum rent payments and production royalty payments of 4.0% to 6.0% of production that exceed the minimum rent payments.

19. Other Accrued Expenses

Other accrued expenses at December 31, 2017, include accrued taxes of $8.3 million, accrued interest of $7.4 million, Member refunds of $11.6 million, accrued plant operations expenses of $4.6 million and other accrued expenses of $4.5 million. Other accrued expenses at December 31, 2016, include accrued taxes of $7.7 million, accrued interest of $7.6 million, Member refunds of $2.6 million, accrued plant operations expenses of $5.6 million and other accrued expenses of $2.9 million.

20. Subsequent Events

Golden Spread's management has evaluated subsequent events through April 16, 2018, the date at which the consolidated financial statements were available for issue. No other events have occurred that meet the criteria for disclosure set forth by the FASB ASC.

5-YEAR SUMMARY OF CONDENSED FINANCIAL DATA AND STATISTICAL INFORMATION

	2017	2016	2015	2014	2013
CONDENSED CONSOLIDATED INCOME STATEMENT DATA (000)					
OPERATING REVENUES	**$ 397,637**	$ 408,413	$ 373,173	$ 515,653	$ 459,448
OPERATING EXPENSES					
Fuel, Purchased Power and Transmission	**$ 228,046**	$ 249,771	$ 221,929	$ 346,047	$ 303,600
Plant Operations and Maintenance	**24,018**	22,696	24,252	19,793	24,547
Administrative and General	**31,914**	30,645	27,812	26,885	22,354
Depreciation and Amortization	**44,046**	39,294	33,668	38,089	35,616
Taxes Other Than Income Taxes	**9,825**	8,537	7,008	5,663	5,358
Other Operating Expenses	**9,694**	8,580	10,070	9,306	7,380
Total Operating Expenses	**$ 347,543**	$ 359,523	$ 324,739	$ 445,783	$ 398,855
OPERATING MARGINS - BEFORE FIXED CHARGES	**$ 50,094**	$ 48,890	$ 48,434	$ 69,870	$ 60,593
FIXED CHARGES	**29,024**	27,046	25,455	26,331	24,446
OPERATING MARGINS - AFTER FIXED CHARGES	**$ 21,070**	$ 21,844	$ 22,979	$ 43,539	$ 36,147
NONOPERATING MARGINS	**(3,499)**	(11,795)	5,345	(11,594)	138
NET MARGINS	**$ 17,571**	$ 10,049	$ 28,324	$ 31,945	$ 36,285
CONDENSED CONSOLIDATED BALANCE SHEET DATA (000)					
Utility Plant, net	**$ 885,794**	$ 922,391	$ 892,070	$ 730,157	$ 652,145
Other Property and Investments	**44,791**	48,370	60,462	135,027	137,914
Cash, Cash Equivalents and Short-Term Investment Securities	**92,589**	88,709	131,297	135,579	167,111
Other Current Assets	**73,919**	69,005	68,923	61,957	59,126
Other Assets	**6,458**	7,110	8,467	11,511	15,270
Total Assets	**$ 1,103,551**	$ 1,135,585	$ 1,161,219	$ 1,074,231	$ 1,031,566
Total Members' Equity	**$ 423,058**	$ 417,987	$ 416,238	$ 395,914	$ 371,468
Long-Term Debt, excluding current maturities	**$ 581,339**	$ 593,235	$ 611,307	$ 540,071	$ 555,128
Current Liabilities	**93,219**	118,031	127,070	131,218	99,065
Deferred Credits	**5,935**	6,332	6,604	7,028	5,905
Total Liabilities	**$ 680,493**	$ 717,598	$ 744,981	$ 678,317	$ 660,098
Total Members' Equity and Liabilities	**$ 1,103,551**	$ 1,135,585	$ 1,161,219	$ 1,074,231	$ 1,031,566
OTHER FINANCIAL AND STATISTICAL DATA					
Energy Sales					
Energy Sales to Members (MWh)	**6,262,561**	6,490,018	6,291,738	6,928,717	7,024,404
Energy Sales to Nonmembers (MWh) (1)	**957,709**	1,418,165	554,860	877,076	396,538
Total Energy Sales (MWh)	**7,220,270**	7,908,183	6,846,598	7,805,793	7,420,942
Member Peak Demand (MW)	**1,518**	1,550	1,472	1,538	1,501
Member System Load Factor (%)	**47.10**	47.68	48.47	51.43	53.42
Energy Generated (MWh) (2)	**3,720,786**	3,862,033	1,412,824	3,008,848	2,460,478
Energy Purchased (MWh) (2)	**4,088,207**	4,410,519	5,575,815	4,981,174	5,113,921
AVERAGE RATE TO MEMBERS ($/MWh)	**$ 57.70**	$ 57.62	$ 61.94	$ 66.98	$ 61.77
AVERAGE NATURAL GAS COMMODITY PRICE ($/MMBtu)	**$ 2.72**	$ 2.30	$ 2.76	$ 4.50	$ 3.80
FINANCIAL RATIOS					
Equity/Capitalization (%)	**41**	39	38	39	38
Debt Service Coverage (DSC) Ratio	**1.88**	1.82	1.91	2.46	2.41
Debt/Funds Available for Debt Service	**6.53**	8.29	7.29	5.60	6.25
Days Cash on Hand	**102**	93	150	114	157

(1) Includes energy and ancillary services sales

(2) Includes ancillary services for Member load

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

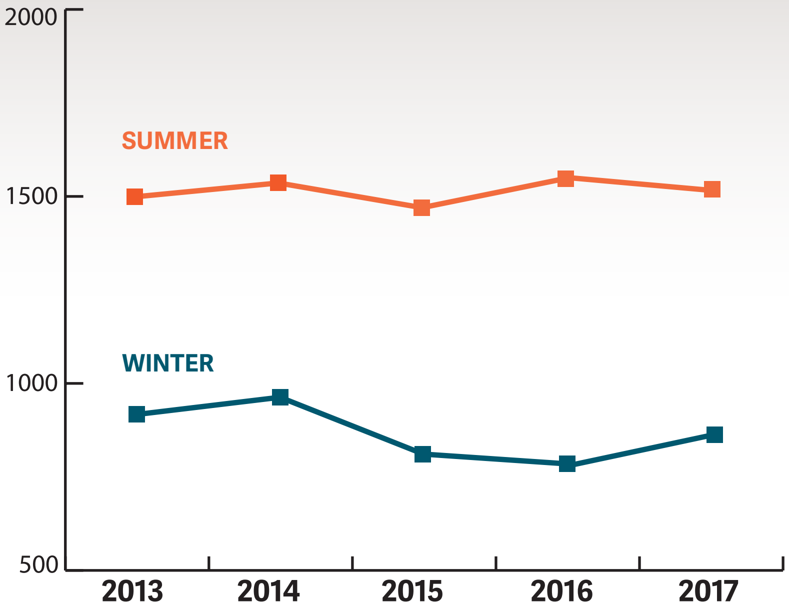
COOPERATION/SERVICE: Collective service that is greater than individual efforts

RESPECT: The Golden Rule

ENERGY AND FINANCIAL CHARTS

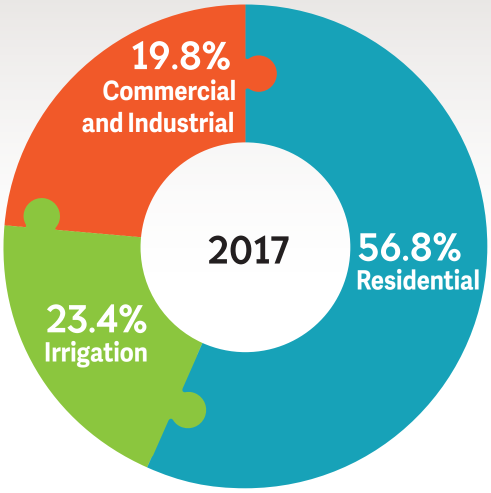
COINCIDENT DEMAND (Megawatts)

Peak loads are affected by weather conditions and general load growth in the Members' service territories. Peak loads increased from 2013 to 2014 due to load growth and drought conditions. In 2015, 2016 and 2017, Members experienced an increase in rainfall, reducing the irrigation load.



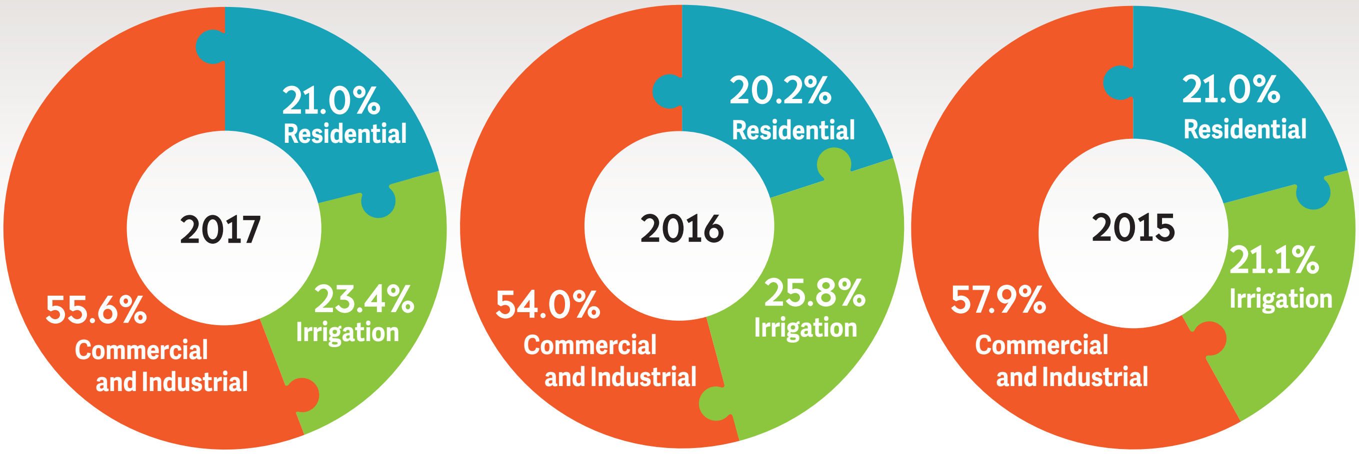
RATE CLASSIFICATION

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



USAGE BY RATE CLASSIFICATION

Weather conditions affect the mix of energy sales by classification – particularly the level of irrigation sales, which generally range from 20% to 30% of total sales. In 2015, above-normal rainfall resulted in lower irrigation sales; 2016 brought near-normal rainfall, resulting in near-normal irrigation sales; and 2017 had an extremely cool and above-normal rainfall, resulting in lower irrigation sales.

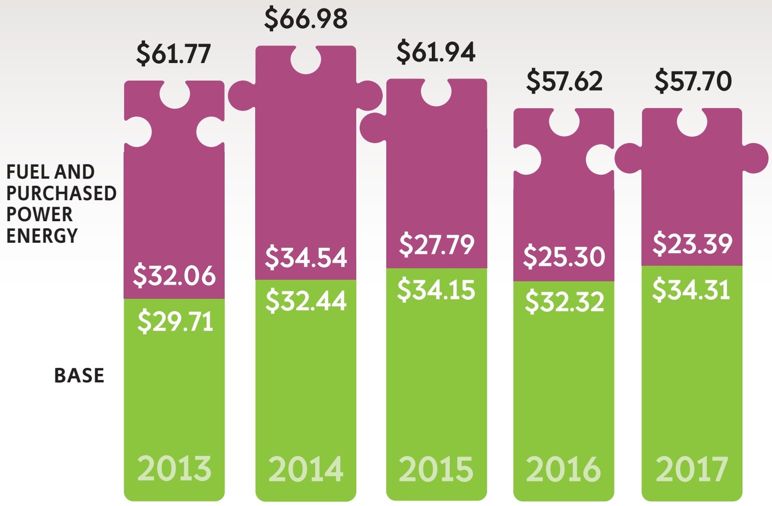


AVERAGE NATURAL GAS COMMODITY PRICE ($/MMBtu)

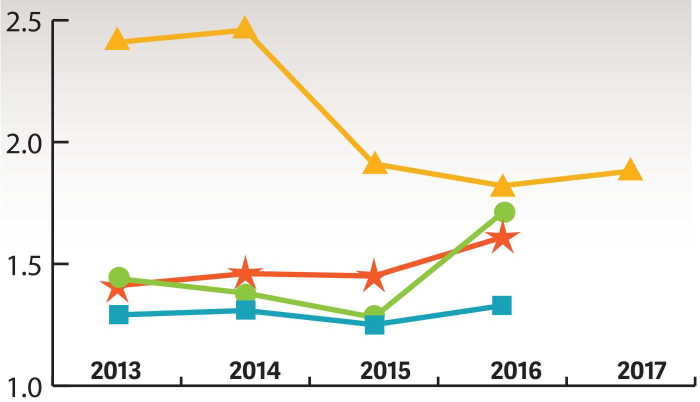
Natural gas prices have a direct effect on Members' rates.

AVERAGE RATE TO MEMBERS ($/MWh)

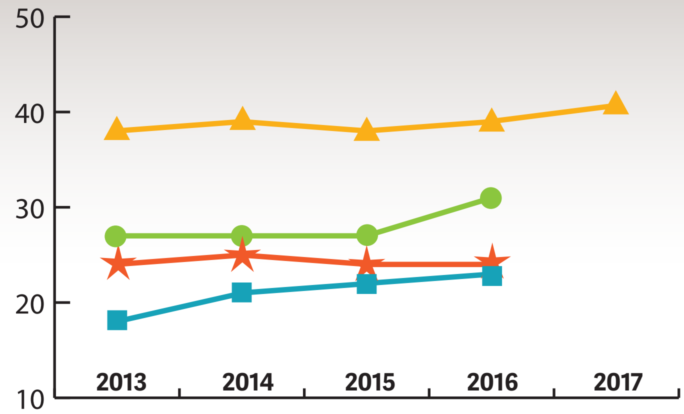
Base rates have ranged from $29.71/MWh to $34.31/MWh over the past five years. Fuel and purchased power energy costs ranged from $23.39/MWh to $34.54/MWh. In 2015, a FERC-approved regulatory settlement, resulting in a refund of $7.13/MWh, is not included in rate.



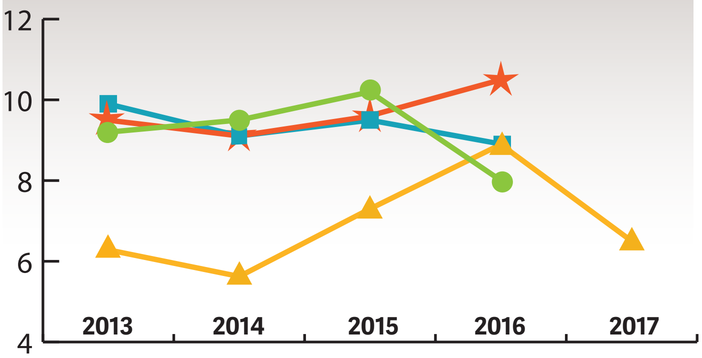
DEBT SERVICE COVERAGE (DSC) RATIO*



EQUITY-TO-CAPITALIZATION (%)*



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



- G&Ts rated A+ and above*
- A rated G&Ts*
- A- rated G&Ts*
- Golden Spread (A rated by Fitch Ratings)

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

In July 2017, Fitch Ratings reaffirmed its A rating on Golden Spread's 2005 Series senior secured debt with a stable outlook.

*Data provided by Fitch Ratings' U.S. Public Power Peer Studies. Amounts for 2017 were not available at time of printing.

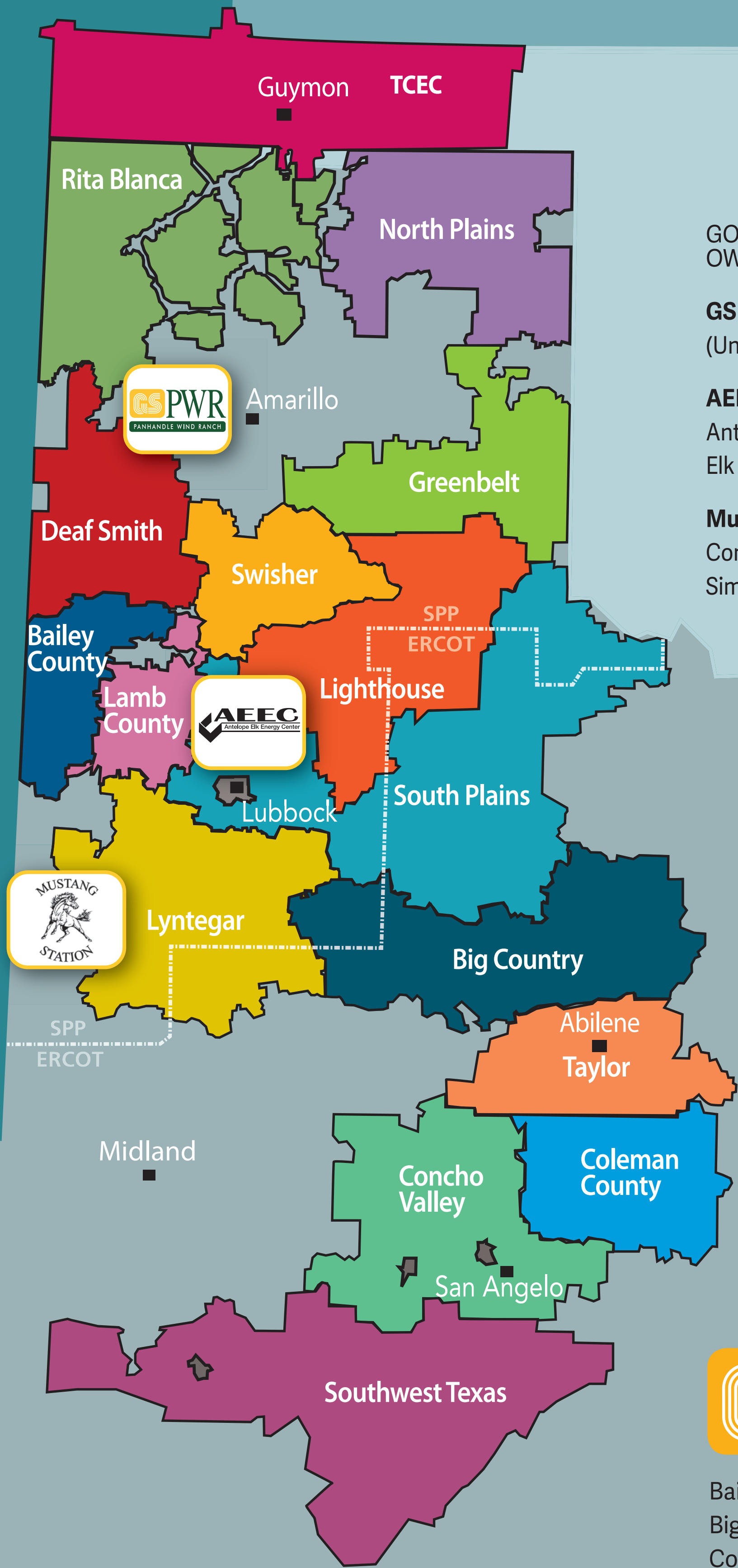
MEMBER COOPERATIVES' INFORMATION

(dollars in thousands)

2017 SUMMARY	BAILEY COUNTY	BIG COUNTRY	COLEMAN COUNTY	CONCHO VALLEY	DEAF SMITH	GREENBELT
Number of Employees	44	62	33	58	52	36
Total Services in Place	9,779	18,693	12,720	18,657	16,546	7,040
Miles of Line	2,904	5,311	3,779	4,358	4,940	2,568
Peak Demand (kW - NCP)	86,752	62,042	31,983	87,122	206,143	50,340
Sales (MWh)	245,155	237,413	113,418	307,053	563,250	233,047
Net Utility Plant	$ 55,376	$ 61,064	$ 17,895	$ 74,513	$ 41,080	$ 35,795
Assets	$ 90,930	$ 86,872	$ 29,400	$ 99,754	$ 109,041	$ 51,537
Margins Plus Equities	$ 38,914	$ 44,510	$ 18,991	$ 42,271	$ 91,471	$ 21,783
Revenues	$ 27,037	$ 27,762	$ 11,835	$ 30,394	$ 49,330	$ 22,530
Cost of Purchased Power	$ 18,360	$ 14,925	$ 7,004	$ 18,252	$ 37,314	$ 14,986
Interest on Long-Term Debt	$ 1,528	$ 1,414	$ 340	$ 1,853	$ 186	$ 973
Net Margins	$ (1,272)	$ 1,531	$ 1,383	$ 517	$ 3,317	$ 1,685
DSC	0.86	2.08	3.01	1.32	9.03	1.66
Equity Ratio (%)	42.80	51.24	64.60	42.37	83.89	42.27

	LAMB COUNTY	LIGHTHOUSE	LYNTEGAR	NORTH PLAINS	RITA BLANCA	SOUTH PLAINS
Number of Employees	39	39	112	46	31	153
Total Services in Place	13,198	10,866	26,169	7,254	8,802	70,062
Miles of Line	3,250	4,454	7,022	3,781	3,343	9,975
Peak Demand (kW - NCP)	97,335	113,945	195,848	102,386	127,426	337,334
Sales (MWh)	277,089	192,259	670,321	323,273	488,765	1,486,257
Net Utility Plant	$ 46,545	$ 48,343	$ 151,387	$ 67,042	$ 53,155	$ 238,857
Assets	$ 84,463	$ 82,289	$ 231,664	$ 94,621	$ 85,079	$ 356,409
Margins Plus Equities	$ 45,917	$ 45,963	$ 116,665	$ 48,547	$ 68,753	$ 158,783
Revenues	$ 31,735	$ 24,567	$ 70,806	$ 33,880	$ 40,690	$ 133,397
Cost of Purchased Power	$ 21,522	$ 15,418	$ 43,075	$ 22,059	$ 30,079	$ 91,517
Interest on Long-Term Debt	$ 1,398	$ 1,385	$ 4,125	$ 1,236	$ 400	$ 5,868
Net Margins	$ 2,819	$ 817	$ 7,240	$ (2,651)	$ 5,805	$ 8,473
DSC	2.43	1.66	2.49	0.33	14.65	2.79
Equity Ratio (%)	54.36	55.86	50.36	51.31	80.81	43.82

	SOUTHWEST TEXAS	SWISHER	TAYLOR	TCEC	TOTAL
Number of Employees	46	39	81	123	994
Total Services in Place	14,115	9,708	27,184	34,906	305,699
Miles of Line	5,368	3,693	4,942	5,023	74,711
Peak Demand (kW - NCP)	56,951	70,670	111,147	157,085	1,894,509
Sales (MWh)	277,086	148,868	279,578	886,526	6,729,358
Net Utility Plant	$ 45,721	$ 32,612	$ 101,413	$ 249,138	$ 1,319,936
Assets	$ 68,456	$ 59,361	$ 139,309	$ 317,321	$ 1,986,506
Margins Plus Equities	$ 47,218	$ 36,950	$ 57,663	$ 72,058	$ 956,457
Revenues	$ 25,025	$ 19,315	$ 42,119	$ 89,398	$ 679,820
Cost of Purchased Power	$ 13,318	$ 11,785	$ 20,554	$ 50,277	$ 430,445
Interest on Long-Term Debt	$ 532	$ 757	$ 3,626	$ 10,634	$ 36,255
Net Margins	$ 2,822	$ 909	$ 4,406	$ 3,666	$ 41,467
DSC	4.10	2.54	2.04	1.58	2.02
Equity Ratio (%)	68.98	62.25	41.39	22.71	48.15



GOLDEN SPREAD ELECTRIC COOPERATIVE, INC.
OWNED POWER GENERATION FACILITIES

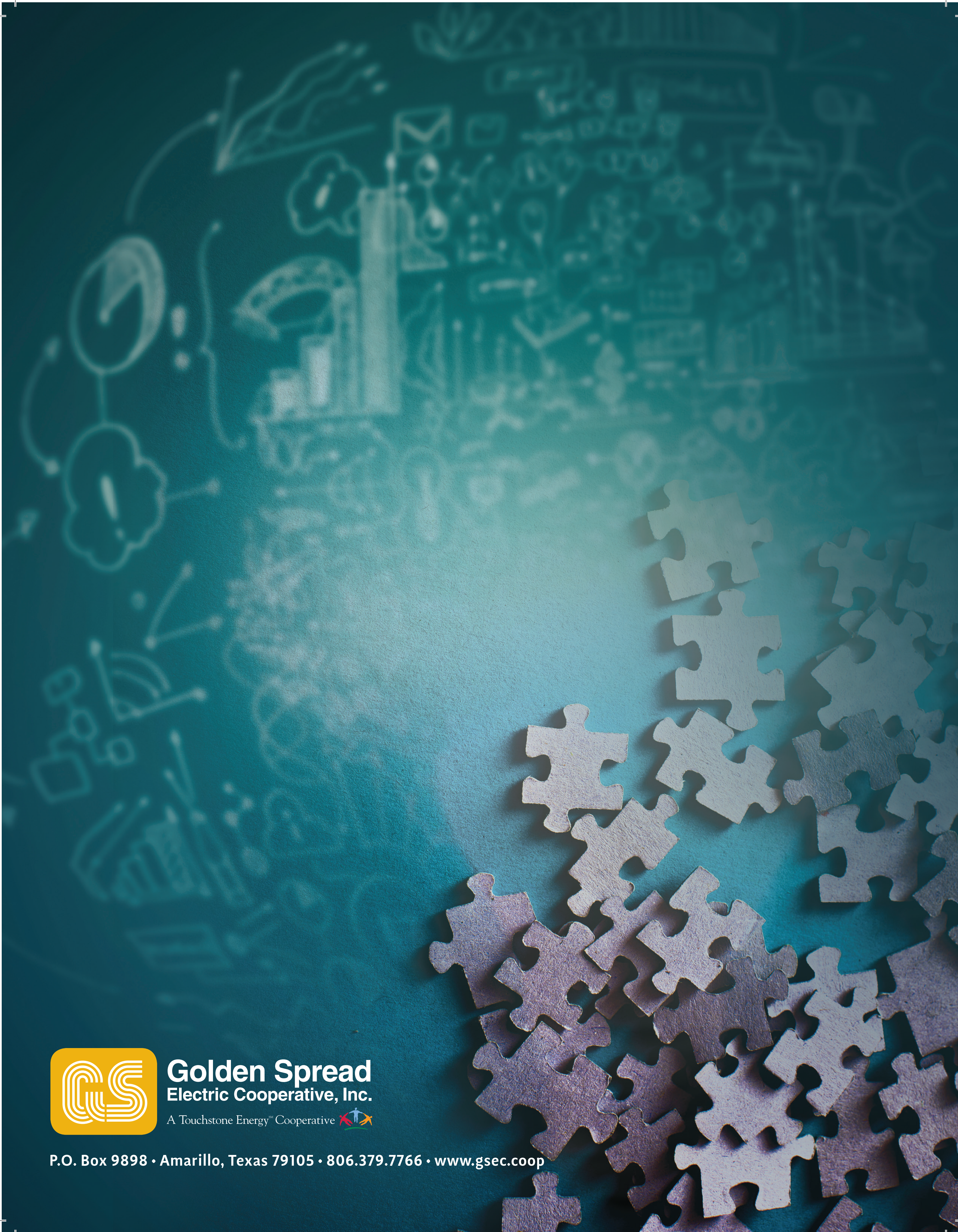
GSPWR – Golden Spread Panhandle Wind Ranch
(Units 1-34)

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)

GOLDEN SPREAD MEMBER SYSTEMS

Bailey County	Lyntegar
Big Country	North Plains
Coleman County	Rita Blanca
Concho Valley	South Plains
Deaf Smith	Southwest Texas
Greenbelt	Swisher
Lamb County	Taylor
Lighthouse	TCEC



Golden Spread
Electric Cooperative, Inc.
A Touchstone Energy℠ Cooperative

P.O. Box 9898 • Amarillo, Texas 79105 • 806.379.7766 • www.gsec.coop