South Plains Electric Cooperative, Inc.

Your Touchstone Energy® Cooperative



Annual Report 2025

Financial Overview

CONDENSED BALANCE STATEMENT

December 31,

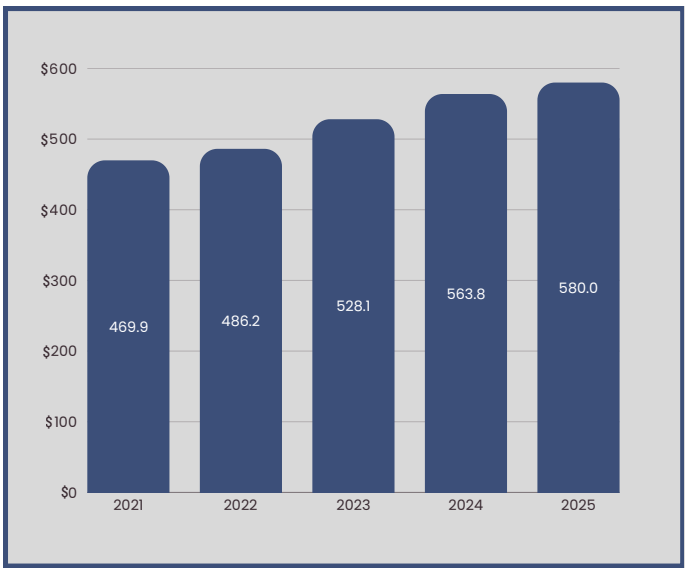
	2025	2024
ASSETS—*What we own*		
Total cost of system	$502,177,924	$473,688,479
Estimated depreciation	116,578,862	109,661,503
Net value of system	$385,599,062	$364,026,976
Cash/temporary investments	$10,234,897	$15,187,883
Investments	160,736,984	159,198,082
Accounts receivable	21,038,975	22,768,226
Value of materials & supplies	27,580	18,272
Advanced payments	2,382,433	2,642,922
TOTAL ASSETS	$580,019,931	$563,842,361
LIABILITIES—*What we owe*		
Long-term debt	$217,983,688	$216,880,255
Materials, taxes, insurance	83,123,532	82,349,405
Other liabilities & credits	35,972,201	33,476,819
EQUITIES		
Deposits & memberships	$1,447,335	$673,681
Total members' equity	244,493,175	230,462,201
TOTAL LIABILITIES & MEMBERS' EQUITY	$580,019,931	$563,842,361

CONDENSED INCOME STATEMENT

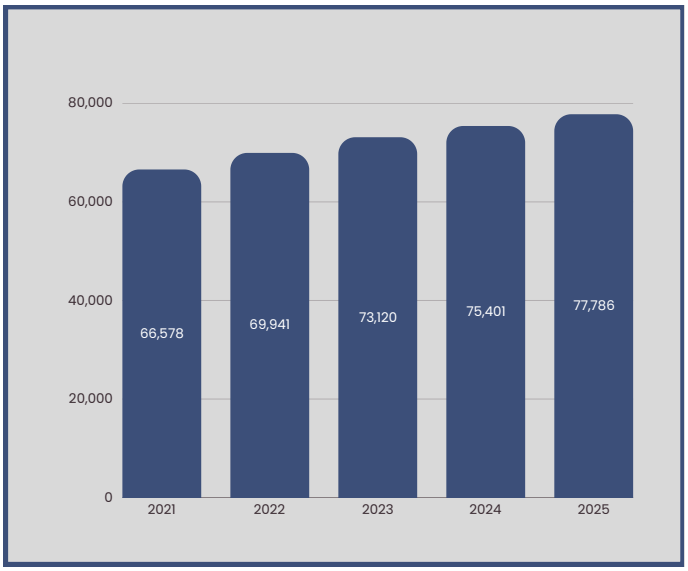
December 31,

	2025	2024
REVENUES		
Electric energy sold	$177,577,937	$160,250,894
TOTAL ELECTRIC REVENUE	$177,577,937	$160,250,894
EXPENSES		
Electric power cost	$111,586,575	$106,253,967
Operating expenses and taxes	34,175,392	32,918,628
Estimated system depreciation	13,600,061	12,722,714
Interest on long-term debt	14,797,426	13,883,141
TOTAL EXPENSES	$174,219,454	$165,778,450
OPERATING INCOME (LOSS)	3,358,483	(5,527,556)
Non-operating income	10,686,958	7,542,776
NET MARGINS	$14,045,441	$2,015,220

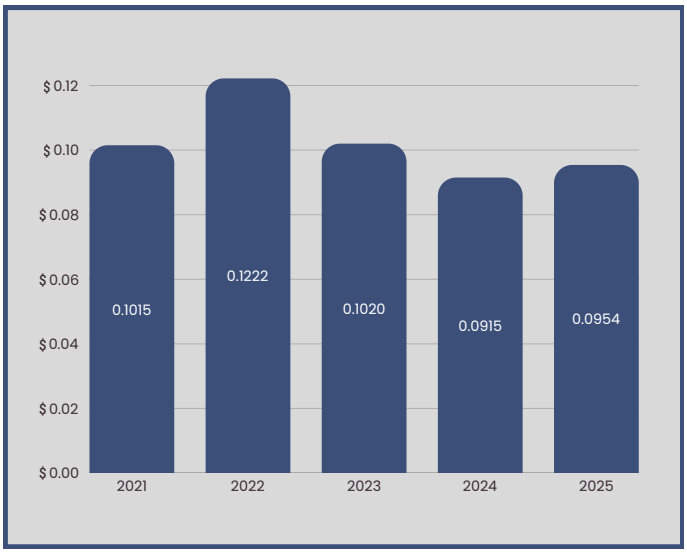
Total Assets (in millions)



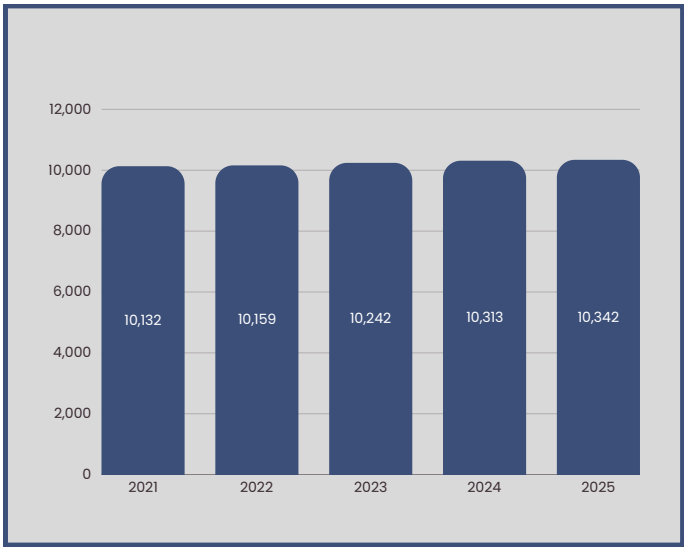
Number of Electric Meters



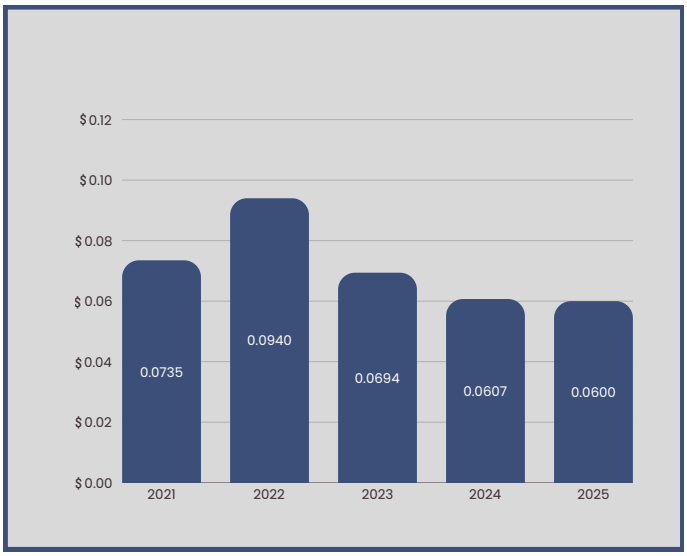
Members' Average Cost Per kWh



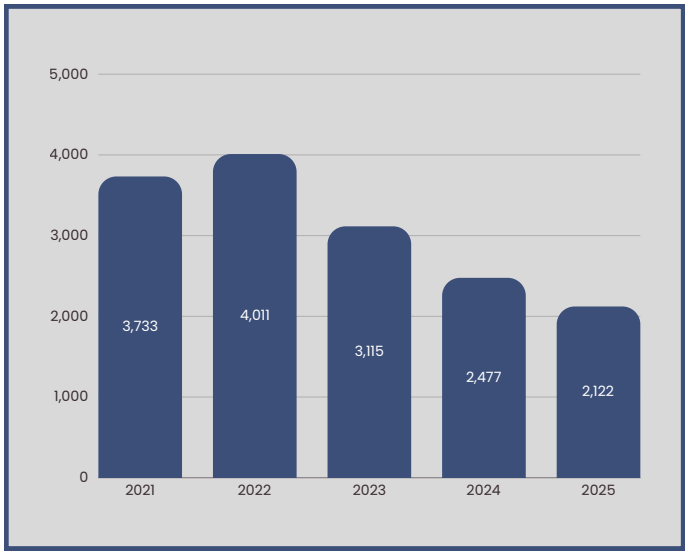
Miles of Line



Wholesale Power Cost Per kWh Sold



New Services Constructed



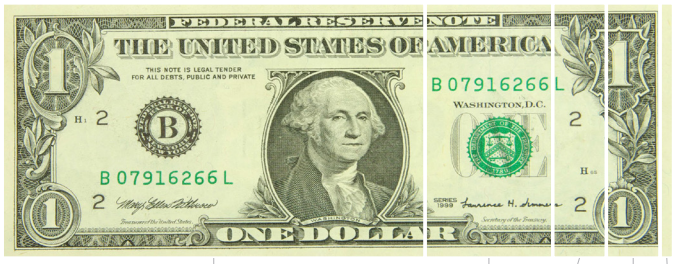
Your Dollar at Work in 2025

How your dollar was earned



Residential 45%
Oil 21%
Irrigation 13%
Large Power 11%
General Services 7%
Other 2%
Gins 1%

How your dollar was used



Electric Power Cost 63%
Operating Expenses 19%
Estimated System Depreciation 8%
Interest 8%
Margins 2%

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

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

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

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

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

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

South Plains Electric has retired over

$55 million

to members over the years.

Frequently Asked Questions About Capital Credits

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

Q: What are capital credits?

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

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

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

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

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

Q: Why does the Cooperative need to accumulate equity?

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

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

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

Q: Where does the money come from?

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

Q: Are capital credits retired every year?

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

YEAR	ASSIGNED	REFUNDED	BALANCE
1943-1987	$24,482,670	$24,482,670	$ 0
1988	3,133,657	984,708	2,148,949
1989	2,528,682	202,364	2,326,318
1990	2,736,214	160,788	2,575,426
1991	1,868,144	117,188	1,750,956
1992	1,176,201	1,249	1,174,952
1993	2,464,490	826,855	1,637,635
1994	3,685,766	765,002	2,920,764
1995	1,844,320	581,651	1,262,669
1996	2,029,555	547,448	1,482,107
1997	2,312,246	513,353	1,798,893
1998	2,194,221	518,165	1,676,056
1999	738,480	738,480	0
2000	1,166,968	573,728	593,240
2001	0	0	0
2002	2,220,225	0	1,016,882
2003	4,342,985	3,324,238	1,018,747
2004	3,983,992	3,119,892	864,100
2005	7,828,773	6,503,172	1,325,601
2006	6,005,292	462,375	5,542,917
2007	8,012,443	559,258	7,453,185
2008	11,591,238	474,403	11,116,835
2009	8,479,828	318,871	8,160,957
2010	9,908,949	71	9,908,878
2011	12,917,854	843,004	12,074,850
2012	13,140,294	1,404	13,138,890
2013	14,348,708	2,001,049	12,347,659
2014	8,048,076	642	8,047,434
2015	5,646,578	0	5,646,578
2016	8,989,661	1,781,186	7,208,475
2017	13,155,788	1,352,340	11,803,448
2018	18,438,405	1,378,901	17,059,504
2019	22,719,738	1,104,798	21,614,940
2020	19,635,322	1,060,421	18,574,901
2021	4,714,250	0	4,714,250
2022	6,618,295	495,278	6,123,017
2023	24,228,491	0	24,228,491
2024	3,463,753	0	3,463,753
2025	13,022,053	0	13,022,053
SUBTOTAL	$303,822,605	$55,794,952	$249,824,310

Other Comprehensive Income (Loss)	$2,922,828
Other Equities	($5,253,963)
Members' Equity in the Cooperative	$244,493,175







OPERATION ROUND UP

Neighbors helping Neighbors

Operation Round Up has disbursed more than $2 million to local organizations and individuals since its inception in 1993. More than $370,000 was disbursed in 2025 alone.

What is Operation Round Up?

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

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

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

Your contribution can:

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

Operation Round Up is about neighbors helping neighbors.

Financial Statement South Plains Electric Trust Year Ending 2025

Beginning balance 1/1/24	$267,176.40
2025 member deposits	$254,331.27
Employee & SPEC donations	$95,821.37
Interest income	$0.00
Checks issued	$377,998.65
Balance 12/31/25	$239,330.39

Board of Trustees

Amanda Potter, Shallowater, Pres.
Laurie Hinson, Spur, VP
LeeAnn Wilmeth, Lubbock, Treas.
Shelley Berry, Cotton Center, Sec.
Marcella Bilberry, Spur
Susan Daniel, Lubbock
Ilene Hobgood, Wolfforth
Shana Keeton, Wolfforth
Bonnie Kitten, Slaton
Jori Parks, Paducah