

NORTH PLAINS ELECTRIC COOPERATIVE

P.O. Box 1008 • Perryton, TX 79070 • Phone (806) 435-5482

NORTH PLAINS EC'S PARTNERSHIP WITH GOLDEN SPREAD EC HELPS KEEP RATES STABLE

In 2003 North Plains EC purchased and distributed over 152 million kilowatts for a total of \$6,510,490. These were all purchased from our power supplier, Golden Spread Electric Cooperative (GSEC).

North Plains helped to form GSEC in 1984 as a result of proposed changes in the wholesale contract and the prices that it paid to Southwestern Public Service Company (SPS). As the only available supplier of power to North Plains, SPS was in a very favorable marketing position, while North Plains and other area co-ops were at an unfavorable position in terms of the ability to contract for wholesale power and the price of power paid to SPS.

Golden Spread Electric Cooperative, Inc. was organized in 1984 to provide low-cost, reliable electric service for its original 11 rural distribution cooperative members. The original co-ops that joined with NPEC were: Bailey County Electric Cooperative Association, Muleshoe; Big Country Electric Cooperative, Inc., Roby; Deaf Smith Electric Cooperative, Inc., Hereford; Greenbelt Electric Cooperative, Inc., Wellington; Lamb County Electric Cooperative, Inc., Littlefield; Lighthouse Electric Cooperative, Inc., Floydada; Rita Blanca Electric Cooperative, Inc., Dalhart; South Plains Electric Cooperative, Lubbock; Swisher Electric Cooperative, Inc., Tulia; and Tri-County Electric Cooperative, Inc., Hooker, Oklahoma.

GSEC is a tax-exempt, consumer-owned public utility. According to its website (www.gsec.org), its mission is: "... to engage in long-term power supply planning, negotiation and securing of reliable power supply resources for its members, and to act

jointly with its Member Systems to continue to provide and develop dependable, low-cost electric service and other needed services to enhance the quality of life for their member-consumers."

In 2003, five new cooperatives joined GSEC. These included Coleman County Electric Cooperative, Inc., Coleman; Concho Valley Electric

Golden Spread's wholesale power contracts give its members exceptional flexibility in decisions concerning future power supplies.

Cooperative, Inc., San Angelo; Lyntegar Electric Cooperative, Inc., Tahoka; Southwest Texas Electric Cooperative, Inc., Eldorado; and Taylor Electric Cooperative, Merkel. These cooperatives bring another 340 MW of purchased power into GSEC.

A wholly owned affiliate, Golden Spread Electric Generating Cooperative, Inc., (GSEGC) was formed in 1996 by Golden Spread to engage in exempt wholesale generating activities. GSEGC is a 50-percent owner of the 480-megawatt Mustang Station, a gas-fueled combined cycle electric generating plant located near Denver City, Texas.

Another wholly owned affiliate was formed this year when GSEC became a part-owner in the existing 690 MW coal-fired Oklaunion Unit No.1 near Vernon. GSEC was the successful bidder for 7.81 percent own-

ership of the power plant when American Electric Power auctioned it earlier this year.

Golden Spread currently purchases its requirements under several power supply agreements. Golden Spread buys all of the 480-megawatt Mustang Station capacity. One-half is purchased from Golden Spread's affiliate, GSEGC, and one-half is purchased under a separate supply contract with Denver City Energy Associates, L.P., Mustang Station's other co-owner. A third agreement, with Southwestern Public Service Company, an Xcel Energy, Inc. electric utility subsidiary, provides 330 megawatts of partial requirements service. Under the SPS purchase agreement, Golden Spread may increase the amount of capacity purchased to meet growth in Golden Spread's native load. The SPS agreement also allows Golden Spread to reduce the capacity purchases under certain circumstances. The fourth purchase agreement with West Texas Utilities Company (WTU), an American Electric Power (AEP) electric utility subsidiary, provides requirements service to three points of delivery served from the WTU system. With the addition of the newer co-ops, GSEC also manages existing contracts with AEP, SPS and TXU.

Golden Spread's wholesale power contracts give its members exceptional flexibility in decisions concerning future power supplies. It now supplies electric service to nearly 185,000 retail consumers located in the Texas Panhandle, Oklahoma Panhandle, on the South Plains, and in the Edwards Plateau region of Texas. Residential, irrigation and small commercial consumers represent the bulk of the loads served.

NPEC ALLOCATES CAPITAL CREDITS FOR 2003

North Plains Electric recently allocated margins from 2003 for the membership. Capital credits are an extension of the cooperative philosophy and are in concert with the spirit in which your cooperative was formed. Your cooperative's electric rates are designed to bring in enough money to pay operating costs, meet loan payments, and provide a reserve for emergencies. At the end of each calendar year, we subtract our operating expenses from the collected revenue for the year; the balance is our "margin."

Every year that the cooperative produces a margin, members' individual shares of that margin are credited or allocated to individual capital credit accounts. This was the case in May when NPEC allocated \$1.7 mil-

lion to members based on electric usage in 2003. In the past margins have been typically returned on a 20-year rotation.

Each capital credit allocation is based on the amount the individual paid for electric service during that specific year. These do not include service charges, deposits, membership

fees or any other payments made to the cooperative during that year. Patronage capital returned since 1979 has totaled more than \$4.8 million.

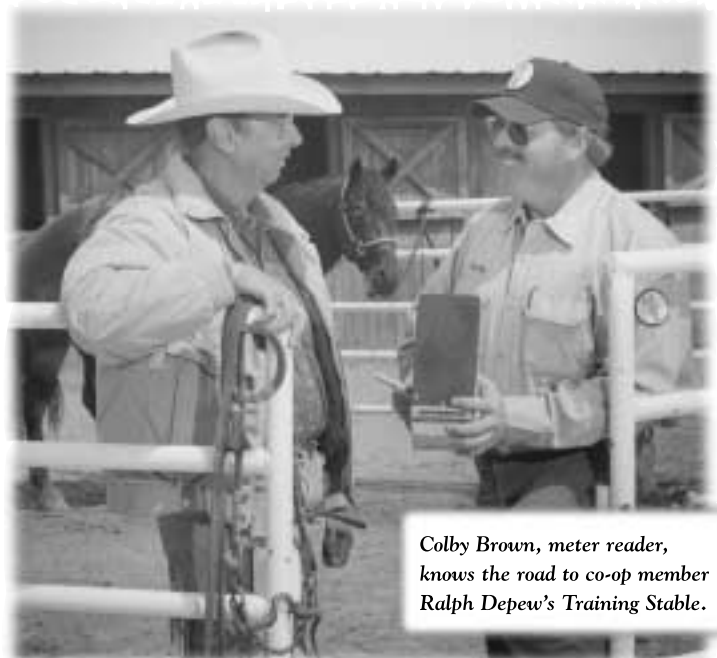
If you have specific questions about your capital credit account, please contact our office at (806) 435-5482 or 1-800-272-5482.

NPEC—The Home Team Advantage



*Happy
Independence Day*

**THE OFFICES OF
NORTH PLAINS ELECTRIC
COOPERATIVE WILL BE CLOSED
MONDAY, JULY 5,
IN OBSERVANCE OF
INDEPENDENCE DAY.**



*Colby Brown, meter reader,
knows the road to co-op member
Ralph Depew's Training Stable.*

Second Caliche Road Past The Big Tank. You Can't Miss It.

We'll find your place. One of the crew probably knows somebody who lives down the road. We know the area, because we know the lines. All of them.

To us, lines mean people. Aren't you glad your electricity doesn't come from a huge corporation headquartered someplace else? 1-800-Who Knows Where.

Your electric co-op answers to no distant corporate tower. It serves no investors, only members like you. It's an idea we feel at home with.



**NORTH PLAINS ELECTRIC COOPERATIVE
THE HOME TEAM ADVANTAGE**