

2019 ANNUAL REPORT

DELIVERING MORE



gvec
Your kind of power.®

ELECTRIC • INTERNET • AC/HEATING
SOLAR & BATTERY STORAGE • ELECTRICIANS

EXCEEDING EXPECTATIONS



1938

1968

1954

1987

2005

2019

From our earliest years, we’ve dedicated ourselves to not only meeting the needs of those we serve, but also to exceeding their expectations. Delivering more requires the foresight to identify tomorrow’s needs today—something we’ve been doing for over 80 years. With continued support from our members and customers, we look forward to meeting the challenges ahead and delivering more in the Guadalupe Valley for decades to come.



GM & PRESIDENT'S MESSAGE

ADJUSTING TO CHANGING DEMANDS

As product and service needs have evolved in our territory over the decades, we've continued delivering, always adjusting to new and changing demands.

Until the late 1930s, farmers, residents and business owners throughout our rural area watched from afar as city dwellers enjoyed the everyday conveniences of electricity. Starting in 1936, with the passage of the Rural Electrification Act, they anticipated that electric providers of the day would quickly take advantage of the measure to begin building infrastructure in our area. When none did, a group of local farmers took matters into their own hands.

This is how GVEC started—a demand for electricity and modern technology. More than 80 years later, we've grown into other products and services, but our mission to serve, to meet the demands of our communities and to exceed expectations hasn't changed. As product and service needs have evolved in our territory over the decades, we've continued delivering, always adjusting to new and changing demands. Our growth in 2019 suggests we've made solid choices in the last decade regarding how to best anticipate and adapt to the evolving needs of our region for the years ahead. We entered 2019 with tremendous momentum from 2018 and enjoyed 12 months of exceptional growth and record retail sales.

2019 AC/Heating revenue broke the record set in 2018. Through the sale and installation of home solar panel systems, we added more system-wide solar kW in 2019, nearly doubling our total capacity for this renewable source. This reflects our intensive focus on solar moving forward, a decision we made over the last few years based on member demand for renewable energy options. In October, GVEC was recognized by the Smart Electric Power Alliance's (SEPA) Annual Utility Market Survey as having the most cumulative watts of rooftop solar energy installed per residential customer in Texas. This ranking included 2,455 total rooftop solar power systems on GVEC's grid

at the end of 2019. This suggests that our service territory has the highest density of rooftop solar capacity among not only all other cooperatives in the state, but among all investor-owned utilities and municipals, too—no small accomplishment. Combined with GVEC's 2 megawatt SunHub Community Solar™ project, these findings show we've become a leader in solar power among Texas power providers, large and small. Based on our growth in Solar for 2019, and upon the likelihood it will continue well into the future, we anticipate GVEC's leadership in this area has only just begun.

In the second full year of existence, GVEC Home's® Electrician services continued to flourish. Providing in-house installation on every solar panel system sold through GVEC Home, Electrician services remained a perfect complement to our comprehensive Solar solutions in 2019. To our delight, these services also caught on in a big way as a stand-alone offering. Sales numbers for the year easily surpassed those of 2018, while the number of completed service calls almost doubled projections.

We were also thrilled to partner with world-renowned energy solutions company Tesla in our turnkey Solar solutions in 2019. With Tesla Powerwall, excess solar energy can be stored instead of being sold back to GVEC. The stored power can then be used at night or in the event of an outage, giving consumers more control over their energy usage and helping them save money. Our Solar customers expressed an interest in and demand for battery storage solutions, so we listened, pairing the power of Tesla with GVEC's reputation of reliability to enrich the value of our Solar experience.

GVEC Internet was proud in 2019 to help the Guadalupe Valley keep pace with the world's continued progression toward

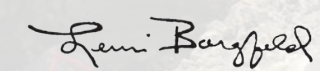
increased connectivity in every aspect of life. We expanded, for example, our ongoing project to widely connect the GVEC service territory with fiber-based communications, delivering the world's fastest internet technology as an option to thousands more local residents. In fact, we initiated service to more new Fiber Internet accounts in 2019 than in any other previous year. We made certain to continue addressing the demand for internet services in areas where fiber isn't available, too, by upgrading and expanding our Wireless Internet footprint.

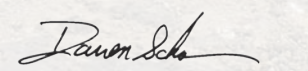
One of our most impactful Internet achievements in 2019 was the acquisition of a second E-rate project, this one in partnership with Moulton ISD. For those unfamiliar, E-rate is an FCC program providing reduced-cost high-speed internet to rural schools and libraries based on financial need. Through this project, district bandwidth jumped from 100 Mbps to 750 Mbps. Best of all, between FCC funding and state and FCC matches, E-rate covered 100% of the construction cost. We can think of few other areas where meeting the demand for up-to-date connectivity is more important than in education. GVEC is thrilled to have the resources to meet this demand in partnership with local educators and institutions.

In October, the National Association of Telecommunications Officers and Advisors presented GVEC Internet with the "Community Broadband Project of the Year" award. The association selected GVEC for our work with local school districts through E-rate and for delivering cutting-edge fiber internet to small towns across our service territory. We take this award as confirmation that we're moving in the right direction to meet the demand for high-quality rural internet access across the Guadalupe Valley.

Finally, GVEC has long championed economic growth in our region. In 2019, the Guadalupe Valley Development Corporation (GVDC), a nonprofit subsidiary of the Cooperative, and GVEC achieved one of our greatest economic development successes ever by completing the sale of a 159-acre tract of land in GVEC's service territory. Aisin AW, a Japanese global manufacturer of automotive transmissions, will invest \$400 million in the site to build a state-of-the-art manufacturing facility, bringing over 900 new jobs to the area. We purchased the land, which lacked access to water, wastewater, gas and electric services, in 2013 for the purpose of attracting new economic development. Bringing service providers on board wasn't easy, and Cooperative personnel spent many hours coordinating between providers, business interests and government representatives. In the end, we adjusted, persevered, and ultimately, delivered a monumental economic stimulus into the communities we serve.

Over the years, the Cooperative has been blessed with the agility, community support and dedicated workforce needed to continually adapt. 2019 was no different. Rising to this challenge has always required constant commitment to delivering more—more service, more value and choice, more community support. In the pages that follow, you'll find evidence of our dedication to serving and continually creating value for members and customers—evidence of our continuous efforts to adjust to changing demands and exceed expectations.


Lewis Borgfeld
Board President


Darren Schauer
General Manager and CEO

DELIVERING MORE

DELIVERING MORE RELIABILITY

THRIVING AMIDST CONSTANT REINVENTION

In our more than eight decades in the Guadalupe Valley, GVEC and the communities we serve have benefited greatly from a phenomenon in capitalism known as “creative destruction.” This is the idea that services and products are deliberately broken down to make room for improvements or new technology and reconstructed into better ones. This way of business has helped establish a comfortable lifestyle in our country—and in the Guadalupe Valley—that’s attainable for all. But technology produces a tough, hypercompetitive business environment—“change” is the name of the game.

In this system of continual reinvention, GVEC has been blessed with staying power that can be difficult to achieve in modern business. Our success is owed, in no small part, to the support of the communities we serve, our ability to adapt to changing dynamics and our own dedication to continually improve. Over the last decade, we’ve worked hard to position GVEC to continue improving while delivering persistent reliability—even as the forces of technology continue reshaping and improving life and business well into the future. In 2019, this commitment was evident in numerous ways.

RELIABILITY THROUGH GRID ENHANCEMENTS

Last year we implemented a new supervisory control and data acquisition (SCADA) system across our electric grid. This new SCADA resource enables sophisticated connection among the individual parts of GVEC’s electric system, permitting razor-sharp monitoring and coordination throughout our service territory. This tool is optimized for fiber communications, too, making it an ideal complement to the Cooperative’s ongoing, grid-wide upgrade to fiber. Our fiber upgrades deliver not only the world’s fastest internet technology to those we serve, but also form the backbone of a “smart grid” that can identify trouble spots on its own and even fix them, in certain cases, before an outage occurs.



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UNCOVERING NEW ROADS TO RELIABILITY

Combined with our ongoing fiber upgrades, this new SCADA system puts us in position to continue delivering the reliability our members expect as an increasing need for power demands a grid of greater sophistication, flexibility and connectedness. Our new SCADA system will also be ideal for helping manage the increased, yet fluctuating demand on the grid we anticipate as electric vehicles (EV) become more prevalent on local roadways. Widespread adoption of EVs is projected to happen sooner than you might think: Experts predict these vehicles will make up half of all vehicles sold by 2040. Each new EV represents more significant demand for power. As the number of EVs increase, it may affect our power supply in ways we can’t yet foresee.

GVEC’s first all-electric vehicle—“Sparky”—helped us explore this situation all year in 2019. We anticipate the data we’re collecting from Sparky and its private charging station at our Seguin Customer Service Center (CSC) will provide insight into how EVs might impact GVEC’s power supply and infrastructure. Sparky’s not alone in providing such data, either. In April and June respectively, we opened two public, fee-based EV fast-charging stations at GVEC properties—one at the Seguin CSC and the other at our Western Operations Center. The data we’re adding from public charger usage has added a great deal to the insights we’ve collected through continual monitoring of Sparky. Our goal is to predict and prepare for any potential adjustments to the grid that might be necessary in the future, so GVEC can continue delivering the reliability our members depend on—even in an EV-driven world.

SUPPLYING ENERGY ON OUR OWN TERMS

These weren’t the only steps we took in 2019 to strengthen our foundation of reliability moving into the years ahead. We strengthened it further by also rethinking our power supply.

In previous years, the Cooperative purchased all its power from the Lower Colorado River Authority (LCRA), giving us less-than-ideal control over rates. While our arrangement with LCRA was

In 2019, GVEC implemented a new supervisory control and data acquisition (SCADA) system across our electric grid. This new system creates a grid that’s smarter and more dependable than ever.



convenient and afforded relative pricing stability, this lack of day-to-day management and total control over supply meant we sometimes missed opportunities available in the competitive wholesale power markets.

Things began changing in 2016, when we ended our LCRA contract and began diversifying our suppliers and portfolio. We also began rethinking long-term contracts, taking a shorter-term, staggered view of the market, which was rapidly changing. We were technically energy independent during this time; however, certain aspects of our long-term contract with our primary supply partner, Calpine Energy, meant we still lacked control over the volume of power purchased and over the scheduling of supply.

In June 2019, we took another step toward greater control and active management of our power supply when we began forecasting and scheduling our daily load and positions into the open power market. Basically speaking, this way of doing business gives us the flexibility to sell excess power if we have more available than needed and to buy extra if we have less available. Operating on the open market requires daily, intensive study of market risk, along with general knowledge of market trading—forecasting, scheduling and hedging—but it’s definitely worth the time and effort. Open-market bidding allows greater flexibility of GVEC’s power supply portfolio. This helps ensure that prices remain affordable and stable over time.

INSPECTION, MAINTENANCE AND SYSTEM IMPROVEMENTS

With 159 distribution circuits in place and continued growth in customers and electric demand, constant inspection, maintenance and improvement projects are important to maintaining high levels of performance. In 2019, that scope of work included:

- Inspection of 13,319 poles
- Replacement of 559 rejected poles
- Maintenance of 1,504 miles of right-of-way

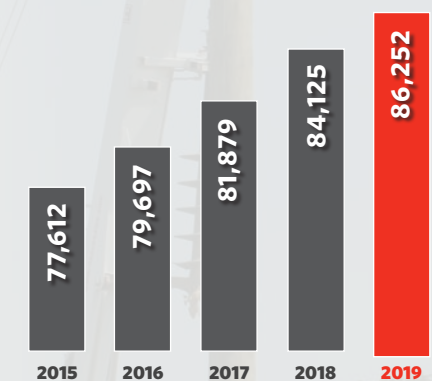


GVEC performs pole inspections using specialized equipment designed to identify otherwise undetectable problems.

MILES OF ELECTRIC LINE

2019	8,769	2019	1,087
2018	8,711	2018	1,066
2017	8,659	2017	1,037
2016	8,583	2016	986
2015	8,507	2015	882
OVERHEAD		UNDERGROUND	

TOTAL ELECTRIC METERS



ELECTRIC OUTAGE TRACKING

	2019	BENCHMARK
SAIFI Avg. # of interruptions	1.29	1.41
SAIDI Avg. time of system outage	2h 03m	1h 33m
CAIDI Avg. time of mbr. restoration	1h 36m	1h 06m

In 2019, GVEC continued gathering data to help understand how mass adoption of EVs across our roadways will impact the electric grid.

DELIVERING MORE

DELIVERING MORE OPTIONS

STEADY GROWTH AT HOME

Delivering more in 2019 meant maintaining, developing and expanding GVEC Home's product and services lineup based on member and customer need. Our numbers for the year indicate success in this regard. GVEC Home enjoyed steady, across-the-board growth in 2019, with increases in many major year-to-year indicators. For example, total revenue at GVEC Home rose almost 32% in 2019 compared to 2018.

A RECORD YEAR OF HEATING AND COOLING

GVEC Home customers again invested record amounts last year in high-efficiency heating and cooling systems, 24-hour repair, and year-round Comfort Check maintenance plans. For the year, the number of new AC/heating systems sold and installed through GVEC Home increased by 17% compared to 2018. The number of AC/heating service calls by GVEC HVAC technicians in 2019 increased by almost 29% over 2018 numbers. Our techs also completed 21% more appointments, compared to 2018, for GVEC Home's Comfort Check maintenance program.

EXCEEDING EXPECTATIONS

In the second full year, GVEC Home Electrician services again made us proud in 2019, serving as a crown jewel in our turnkey solar solutions. Our Electrician numbers for 2019 beyond solar installations, though, were particularly encouraging. The total number of jobs performed by GVEC electricians jumped a full 72% from 2018 to 2019. More telling, perhaps, regarding the degree customers value and trust GVEC Home Electrician services, is the fact that the actual number of electrical jobs performed in 2019 was 84% higher than GVEC Home's own internal projections!

RENEWABLE IN A BIG, SHINY WAY

When it comes to power generation, one of the most prevalent requests we hear is for more renewable options; customers want

greater flexibility and more freedom from the electric grid. In terms of conservation, cost savings, revenue generation and environmental responsibility, GVEC Home's Solar services delivered in a big way in 2019, blazing a path as a solar leader not just in our region, but also in the state.

Solar panel sales and installations from 2018 to 2019 mostly held steady. The total electrical capacity from these sales and installations amounted to a slight increase in kW to the Cooperative grid compared to 2018. More importantly, total cumulative kW capacity across the Cooperative system was nearly doubled by the end of 2019 compared to the previous end-of-year. 2,455 solar panel systems had been incorporated system-wide by end-of-year 2019, with a cumulative capacity of 15.43MW.

TAKING ON A LEADERSHIP ROLE

In 2018, GVEC gained the distinction of having the largest concentration of solar panel systems among Texas co-ops. In 2019, our leadership in solar widened to also include all municipal power suppliers and investor-owned utilities in the state. In October, the Smart Electric Power Alliance (SEPA), a highly respected nonprofit in the power industry, took notice, recognizing GVEC in the group's Annual Utility Market Survey. The survey singled us out for having the highest capacity of cumulative watts of rooftop solar energy installed per residential customer among all providers, big and small, in the state of Texas. This result speaks to our ongoing commitment to offer more renewable options to customers—a commitment that would have never materialized without input and demand from those we serve.

ANOTHER STRONG YEAR FOR SUNHUB COMMUNITY SOLAR™

We realize that many GVEC members may not be interested in the upfront investment required for a home solar panel system. For these members, 2019 marked the second full year of access to

Solar and Electrician services helped drive another year of record growth at GVEC Home®. The number of electrician jobs performed last year, for example, surpassed internal projections by roughly 84%.

GVEC's SunHub Community Solar project. The SunHub Generation Station is made up of 6,500 individual solar panels, with a total capacity of two megawatts—sufficient for 4 million kWh of renewable energy annually. In 2019, SunHub generated over 4.21 million kWh. Program participants can purchase solar energy through SunHub in monthly blocks of 100-500kWh. By the end of last year, 561 members had taken advantage of this local, sustainable opportunity (561 represented nearly double the number of program participants at the end of 2018). SunHub Community Solar's rate held steady in 2019 at \$0.064 per kWh, corresponding to the Cooperative's regular Generation & Transmission rate, meaning GVEC members who participated, did so at no extra cost.

MORE FLEXIBILITY TO BUY

We also continued, in 2019, to offer GVEC Home customers flexible financing options to help them press forward into renewable or with updating outdated HVAC equipment. GVEC members took advantage of our on-bill financing program in greater numbers last year compared to 2018. Total approvals for the program rose by almost 18.5% in 2019, with a corresponding rise of over 21% in the total amount financed.

ENHANCED CUSTOMER SOLUTIONS

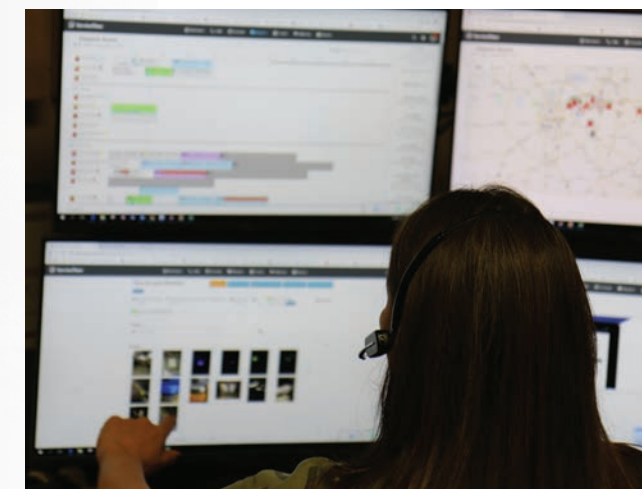
Finally, in its first full year of implementation, our all-in-one customer service solution software proved itself a sound investment in 2019. This comprehensive package of customer service tools helped contribute to an increase in reviews for GVEC Home jobs and in close rates for products and services. Customers demonstrated overwhelming preference for the system's "chat" feature, which allows direct, instantaneous communication with GVEC Home without a phone call. Customers also responded very positively to being able to "track" GVEC Home technicians in real-time when a job is scheduled, and techs are en route. From its features that



make it easier to track marketing campaigns to those that make job scheduling easier, along with all its customer-centric bells and whistles, our service platform made a significant contribution in 2019 toward another record year at GVEC Home. Consequently, we reinvest all GVEC Home profits back into the electric Cooperative. This helps strengthen financial stability for our members. For more on GVEC's 2019 finances, see pages 14-15.



GVEC Home customers again invested record amounts last year in high-efficiency heating and cooling systems, 24-hour repair, and year-round Comfort Check maintenance plans.



In its first full year of implementation, GVEC Home's all-in-one customer service software solution proved itself a sound investment.

DELIVERING MORE

DELIVERING MORE, FASTER

In the world of telecommunications, things are changing fast. In the Guadalupe Valley, GVEC works hard to help our region keep pace as internet-connected thermostats, home security devices, appliances, home convenience gadgets, cars and more change modern life.

CONNECTING OUR COMMUNITIES

At the end of 2019, GVEC Internet served 14,028 customers through Fiber and Wireless services combined, an increase of 21% between the two compared to 2018. We built 5,773 fiber passings in 2019. Almost 4,000 of these were marketable passings, ready to connect existing structures to GVEC Fiber. The remaining were “points of interest,” including, commercial businesses and downline devices (which, thanks to our upgraded SCADA system, gained enhanced communications). The area of these buildouts ranged widely across our service territory to include both suburban and underserved rural communities where other providers don’t offer fiber services. In more ways than one, 2019 was GVEC Fiber’s strongest year yet.

All told, we added over 250 miles of fiber-optic wiring to our grid in 2019, a figure that bodes well for our continuing march to lay fiber across our service territory as broadly as possible.

TOTAL MILES OF LINE WITH FIBER

OVERHEAD	654
UNDERGROUND	52
TOTAL	706



KEEPING OUR CONNECTIONS UP-TO-DATE

Clearly, the number of customers we connected to Fiber in 2019 was encouraging; however, it will take time to complete our buildout of the fiber infrastructure necessary to prevent our region from getting left behind in an “internet of things” world. This situation is similar to GVEC’s early years, when it took time to build out our infrastructure for electric delivery to every household. That’s why we remained committed to keeping other areas of our service territory connected via GVEC Wireless Internet in 2019. To that end, we launched service through two new Wireless towers near the end of 2019—one in Hochheim, the other in Leesville. We also upgraded an additional 12 Wireless towers last year to offer these customers speeds of up to 25 Mbps, delivering the best internet experience possible with this technology. These upgrades included GVEC substation towers in Lindenau, Lost Creek, Moulton, Ottine, Nash Creek, Weser, York Creek, Yorktown, Mont and Pilots Grove, along with an additional tower in Yorktown and GVEC’s Southern Operations Center Tower in Cuero.

MESHING IT ALL TOGETHER

As GVEC Internet’s subscriber base increased over the last several years, we began hearing concerns among certain customers about uneven Wi-Fi coverage in their homes. No matter if you’re connected by Fiber or Wireless, and no matter your speed, inconsistent Wi-Fi coverage can happen, and it can significantly diminish your internet experience. Multiple wall types, especially those built of metal or other dense materials, can block Wi-Fi signals. Even a significant distance between the router and a connected device can cause weak or unusable signals. To address this problem, GVEC Internet debuted our Home Wi-Fi Optimization solution in 2019—an advanced, signal-boosting technology that combines a primary router with separate mesh network units known as “pods.” Each pod acts as a mini-router, with the capacity to receive the primary router’s incoming Wi-Fi signal, process it and retransmit it without degradation into low-coverage areas. Mesh technology is the best on the market for enhancing Wi-Fi coverage, and GVEC’s Home Wi-Fi Optimization

2,300 new subscribers connected to GVEC Fiber Internet last year, an almost 60% increase from 2018. We now deliver Fiber to nearly 6,300 subscribers across our service territory.



solution provides the best experience for GVEC Internet subscribers because it seamlessly integrates with our routers. We were thrilled to be able to deliver enhanced, high-value Wi-Fi experiences in 2019 at an extremely low cost through this cutting-edge technology.

DELIVERING UNIVERSAL INTERNET, EDUCATION FOR ALL

In 2017, GVEC Internet became involved in E-rate, an FCC-administered program driven by a more-than-century-old principle in the telecommunications industry known as “universal service”—the idea that all Americans have a right to baseline levels of affordable

The Cooperative laid some 250 miles of fiber-optic line in 2019, enabling a record number of new Fiber Internet subscribers and upgrading our grid to world-class communications technology.

communication services. E-rate delivers on this principle by providing discounted high-speed internet to rural schools and libraries across the country that demonstrate financial need. We completed our first E-rate project in 2018, working with Stockdale ISD to upgrade their connection speed from 45 Mbps to 500 Mbps. In 2019, we were thrilled to partner with a second local school district on E-rate—Moulton ISD. Work on this project began in August, with the connection going live in February 2020. The district upgraded their speed from 100 Mbps to 750 Mbps and ultimately paid \$0 in construction costs between E-rate funding and state and FCC matches.

Work on the Moulton E-rate project proved complex and resource-intensive. It included the laying and splicing of fiber-optic cable (1&2), the stringing of overhead fiber-optics (3) and the connection of service by GVEC IT specialists (4).



DELIVERING MORE

DELIVERING MORE FOR COMMUNITY

It could be argued that GVEC was founded, in large measure, on a mission of economic development. All those decades ago, our founders recognized that electricity had become the driving engine of modern life and business, and without it, there could be no economic growth here. In this sense, the arrival of electric services to the Guadalupe Valley may well have saved the region from economic irrelevance.

OPENING NEW ECONOMIC HORIZONS

The push to improve and sustain standards of living and overall quality of life through increased business activity has continued throughout our history, remaining no less important today than over eight decades ago. Our continuous drive to improve life in this region motivated us in 1987 to create the nonprofit GVEC subsidiary Guadalupe Valley Development Corporation (GVDC). Upon its founding, GVDC's primary goal was to provide financial support to local public service organizations (e.g., rural water supply corporations, volunteer fire departments, etc.). Today, GVDC invests in industrial parks and land and supports local initiatives to attract new business.

21ST CENTURY ECONOMIC DEVELOPMENT

GVDC has enjoyed many successes, but few have been as significant as the sale of a 159-acre tract of land in August. The land sits along the IH-10 corridor in southern Cibolo, between San Antonio and Seguin. Aisin AW, a Japan-based company that manufactures automotive transmissions, purchased the land and will invest \$400 million to build a state-of-the-art manufacturing facility. This new facility, which will provide transmissions and other parts to Toyota and other major vehicle manufacturers, will initially deliver 900 new jobs to our area. Additionally, in nearby Seguin, Continental Structural Plastics, a division of Japanese company Teijan and a Toyota supplier, has broken ground on a new manufacturing facility there, creating an automotive corridor in GVEC's service territory and along IH-10.



CELEBRATING A BREAKTHROUGH

On Nov. 4, international, state, and local government and business leaders gathered at the site to formally break ground on the Aisin AW Texas facility. Cibolo City Manager Robert T. Herrera emceed the ceremony, which also featured addresses by Aisin AW Co. President Kazuhisa Ozaki, Texas Governor Greg Abbott, Toyota Motor North America Executive Vice President Chris Nielsen, Guadalupe County Judge Kyle Kutscher, Cibolo Mayor Stosh Boyle, and GVEC General Manager and CEO Darren Schauer. This celebration represented the culmination of almost 12 months of work by CEO Darren Schauer and his team, along with regional partners, to bring AW Texas to GVEC's service territory.

We feel extremely blessed to have been able to achieve and celebrate this economic milestone for the communities we serve in 2019. The Guadalupe Valley is already a great place to live and work. We believe this breakthrough deal will help keep it growing and improving for generations to come.



On Nov. 4, government and business leaders gathered at the site in Cibolo where Aisin AW Texas will soon open a \$400 million manufacturing plant. The project ranks as one of GVEC's greatest economic development successes.



POWER UP™ DELIVERS FOR COMMUNITY

Helping foster economic development is only one facet of our commitment to improving life in the communities we serve. Since 2012, another vital part of that commitment has been our Power Up grant program, which is generously funded by participating members voluntarily rounding up their electric bill each month to the next dollar. We have been pleased with the response to this program and its significant impact on community initiatives and financial assistance for those in need. Power Up has grown each year since commencement, and 2019 was no exception.

GVEC Power Up grants help fuel local success by awarding funds to nonprofits for community enrichment projects. 2019 saw record amounts distributed to such organizations across our service territories.

\$315,782	\$2,466,342
2019 Grant Funds	Grant Funds Since 2012
\$48,563	\$459,966
2019 Financial Assistance	Financial Assistance Since 2012

The 159-acre tract of land in Cibolo that GVEC subsidiary GVDC sold to Aisin AW Texas, who will soon open a \$400 million manufacturing plant (1 – pg. 12). GVEC linemen work to set up electric poles (2), transformers (3 & 4) and underground electrical work (5) at the Aisin site.



DELIVERING MORE, RESPONSIBLY

We recognize that delivering GVEC’s promise of service and exceeding expectations—delivering more—isn’t possible without proper care of our finances. We have an obligation to use Cooperative funds responsibly—to engage in rigorous short- and long-term financial planning that fosters success and stability. The figures and statistics in this section reflect how seriously we take this responsibility and speak to our success in planning and managing Cooperative finances.

- We work hard to be responsible stewards of the monies paid and entrusted to us by members and customers.
 - GVEC maintained its “AA- stable” rating from one of the world’s top credit rating institutions, Standard & Poor’s Global Ratings (S&P). GVEC continued to be one of only a few leading companies in the energy sector to achieve this distinction, which speaks highly of the Cooperative’s financial stability and performance.
 - Fitch Ratings affirmed the “F1+” short-term rating on GVEC’s authorized Commercial Paper program, noting that the rating “reflects GVEC’s substantial liquidity sources, including a \$75 million dedicated credit line provided by CoBank (rated ‘AA-’/‘F1+’), as well as market access implied by the long-term rating.” In its long-term report, Fitch affirmed GVEC’s “AA-” rating on our 2007 electric system bond series, stating the outlook is stable.
 - GVEC was the first distribution cooperative in the nation to utilize a Commercial Paper Program, a short-term financial method that
- allows the Cooperative to use short-term interest rates to fund capital investments. Since implementation in 2010, relative to previously available financing alternatives, the Cooperative has saved millions in interest costs by using this program, with a borrowing capacity of up to \$75 million.

 - GVEC submitted an updated Transmission Cost of Service (TCOS) filing with the Public Utility Commission of Texas. A requested rate increase was approved, allowing the Cooperative to recoup additional transmission revenue to cover the cost of new improvements. These revenues are recovered from other Electric Reliability Council of Texas (ERCOT) electricity market participants accessing transmission lines owned by GVEC. This helps keep rates affordable for our members.
 - The Cooperative successfully issued \$60 million in electric revenue bonds to refinance the balance in its Commercial Paper Program and fund long-term system expansions and upgrades. This is the largest bond issuance by the Cooperative.

FROM LEFT: GVEC Directors Shawn Martinez (District 4); Joe A. Castilleja (District 6); Henry C. Schmidt, Jr. (District 3); David Warzecha (District 11); Secretary/Treasurer Don Williams (District 10); President Lewis Borgfeld (District 2); Mark Roberts (District 8); Vice President Melvin E. Strey (District 7); Morris Harvey (District 5); Robert J. Werner (District 1) and Gary Birdwell (District 9).



Guadalupe Valley Electric Cooperative, Inc. and Affiliates Consolidated Financials

Year Ending December 31, 2019

2019 Balance Sheet

Assets	
Cash and Cash Equivalents	\$37,000,826
Current and Accrued Assets	30,141,213
Property, Plant and Equipment	795,355,357
Accumulated Depreciation	(256,308,371)
Net Property, Plant and Equipment	539,046,986
Other Long-Term Assets	17,957,729
Total Assets	\$624,146,754

Liabilities	
Current and Accrued Liabilities	\$49,578,243
Current Portion of Long-Term Debt	9,142,407
Notes and Bonds Payable, Long-Term	213,920,680
Other Long-Term Liabilities	22,989,883
Total Liabilities	\$295,631,213

Member Equity	
Total Patronage Capital and Other Equity	\$328,515,541
Total Member Equity	328,515,541
Total Liabilities and Equity	\$624,146,754

2019 Income Statement

Operating Revenue	
Sales	\$246,177,493
Cost of Sales	149,954,040
Gross Margin on Sales	\$96,223,453

Expenses	
Operating Expense	\$40,267,814
Depreciation and Amortization	31,187,508
Interest Expense	9,983,540
Other Expense (Income)	(1,917,110)
Income Before Tax Expense	16,701,701
Tax Expense (Benefit)	150,829
Net Income	\$16,550,872

Note: Guadalupe Valley Electric Cooperative, Inc. and Affiliates Consolidated Financial Statements are audited by Bolinger, Segars, Gilbert & Moss, LLP.

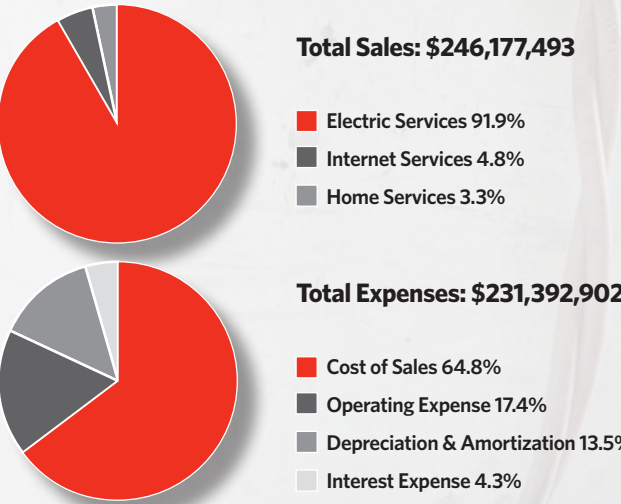
2019 Cash Flow

Net Margin	\$16,550,872
Adjustments to Reconcile Net Margin to Net Cash	
Depreciation and Amortization	32,158,678
Provision for Bad Debt Expense	99,202
Patronage Capital Dividends	(619,523)
Deferred Income Taxes	62,004
(Increase) Decrease in Current Assets	(1,166,758)
(Increase) Decrease in Long-Term Assets	(1,908,717)
Increase (Decrease) in Current Liabilities	(583,239)
Increase (Decrease) in Long-Term Liabilities	587,061
Net Cash Provided by Operating Activities	\$45,179,580

Cash Flows from Investing Activities	
Purchase of Property, Plant and Equipment	\$(65,772,216)
Purchase of Intangible Assets	(73,728)
Patronage Capital Dividends	1,447,338
Collections on Loans	3,714,714
New Loans Issued	(2,345,654)
Purchases on Investments	(1,000,000)
Proceeds from Investments	156,172
Net Cash Used in Investing Activities	\$(63,873,374)

Cash Flows from Financing Activities	
Change in Members’ Deposits	\$343,995
Capital Credits Retained	327,660
Memberships Issued (Returned)	23,917
Patronage Capital Retired	(437,749)
Proceeds from New Debt Issued	179,000,000
Repayment of Debt	(160,411,415)
Net Cash Used in Financing Activities	\$18,846,408

Increase in Cash and Cash Equivalents	\$152,614
Cash and Cash Equivalents at Beginning of Year	\$36,848,212
Cash and Cash Equivalents at End of Year	\$37,000,826





DELIVERING MORE THROUGHOUT OUR HISTORY

Throughout our history, innovation has been an important component of delivering more. For more than 80 years, we’ve been offering cutting-edge technologies and conveniences that few other organizations—if any—would bring to our rural service territory. Here’s a brief timeline of that legacy of innovation.

1938

At a meeting in Cost, Texas, a group of farmers from the Guadalupe Valley formally create the Guadalupe Valley Electric Cooperative as a means of providing services to enhance quality of life among rural communities throughout the region.

1940

GVEC energizes its first lines, launching the Cooperative’s inaugural service: Electricity distribution.

1953

GVEC’s newsletter, *Co-op News and Views*, debuts to keep the membership informed of Cooperative news and local people, places and happenings.

1960

GVEC allows local and regional phone companies to string line along Cooperative poles, helping reduce the cost of local telephone service.

1968

GVEC opens its Appliance Service and Repair Shop, forerunner to GVEC Home Services™, to help members who couldn’t get repair services at their rural homes.

1974

The GVEC Review delivers news and information on GVEC business and the electric industry, along with recipes and local-interest stories about people, places and events.

1978

GVEC launches its free Home Energy Audit program for members.

1981

GVEC launches the Conservation Plan 5 program, providing loans to help members finance home-based energy efficiency improvements.

1982

GVEC debuts its first peak-time usage program: Volunteer to Improve Power Use (VIP).

1984

GVEC creates Peak Time Intermission, its second peak-time usage program.

1985

GVEC introduces its Louie the Lightning Bug Electrical Safety Program and Coloring Contest for second graders.

1987

GVEC forms nonprofit subsidiary Guadalupe Valley Development Corporation (GVDC) to help foster economic growth across the region.

1988

GVEC founds the Guadalupe Valley Satellite Communications (GVSC) TV service. GVSC is discontinued in 1989 due to technological changes in the industry.

1990

GVEC Rural TV replaces GVSC, offering satellite TV in DeWitt, Gonzales, Lavaca, Guadalupe and Wilson counties.

1997

GVEC Rural TV is sold to help fund the creation of GVEC Home Services.

1998

GVEC expands the Appliance Service and Repair Shop into GVEC Home Services, offering a broad range of products, including heating and cooling systems, water heaters, and brand-name appliances. The first showroom is opened in Gonzales.

1998

GVEC partners with DeWitt Electric Cooperative and Karnes Electric Cooperative to found GVEC.net Dial-Up Internet service.

2002

GVEC and DeWitt Electric Cooperative consolidate.

2004

GVEC.net debuts its Wireless Internet service.

2005

GVEC opens a customer service office in La Vernia, which also housed GVEC Home Service’s second appliance showroom.

2009

GVEC Home Services is rebranded to GVEC Home® and adds a third appliance showroom in Seguin.

2009

The Comfort Check HVAC maintenance program is added to the GVEC Home lineup.

2009

GVEC becomes an authorized wind turbine dealer.

2010

GVEC introduces a comprehensive line of energy efficiency rebates, focused on new home builds, home improvements, appliance upgrades and renewable alternatives. The Cooperative adds an online rebate center in 2011 to support its rebate offerings.

2011

GVEC forms the Power Up™ Community Fund. In 2012, the first round of Power Up grants are awarded.

2012

GVEC Home concludes that wind turbines are not practical in South Central Texas for power generation and discontinues sales.

2013

GVEC.net begins its Fiber to the Home Internet service pilot project in La Vernia. Some 1,100 homes are offered the upgrade to Fiber by year’s end.

2013

GVEC Home debuts Solar services, selling complete solar panel systems.

2017

The Cooperative launches the Rush Hour Rewards™ peak-time usage program.

2017

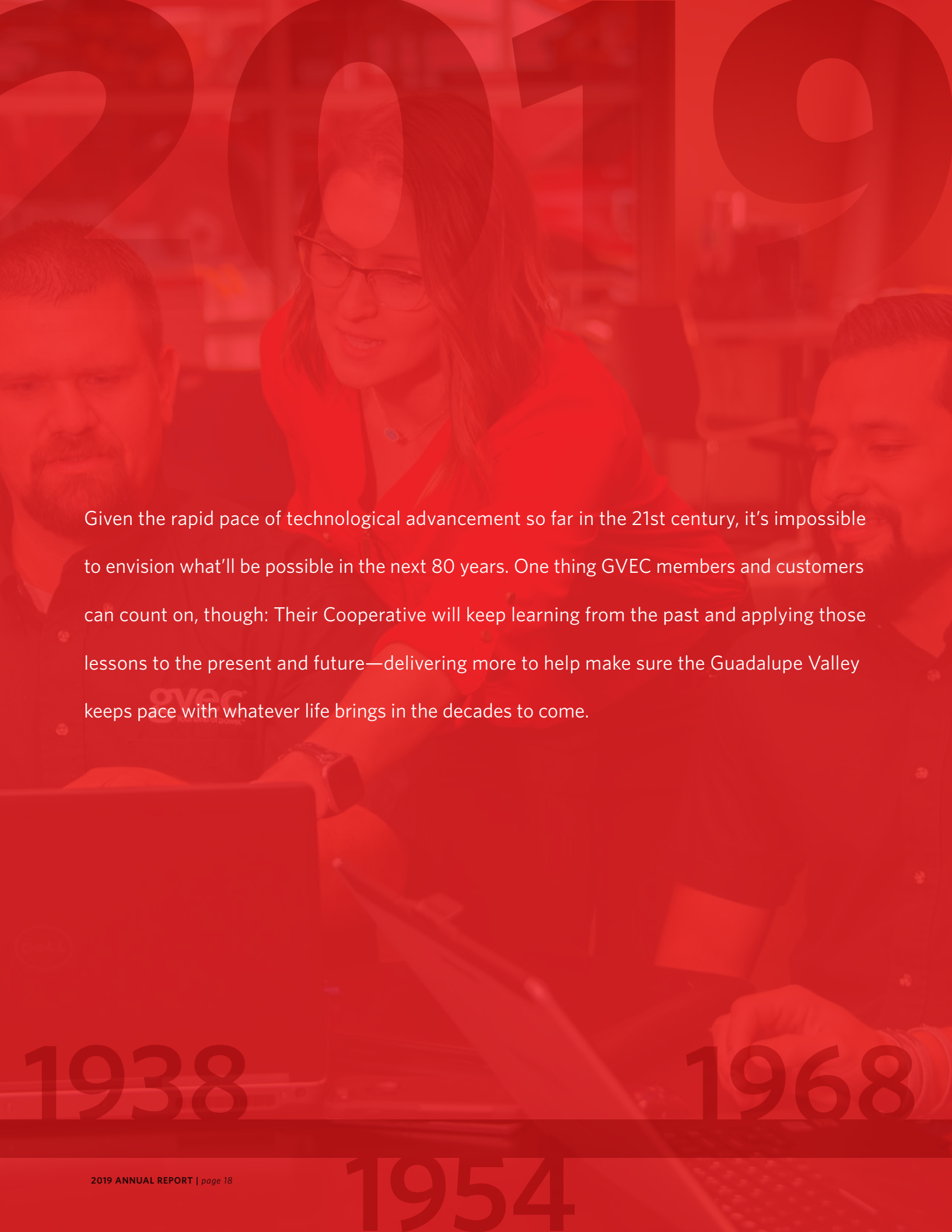
GVEC Home discontinues the sale and service of household appliances and introduces Electrician services available to the public.

2018

GVEC merges GVEC.net into the Electric Cooperative and renames it GVEC Internet, creating opportunity for considerable tax benefits and added operational efficiencies.

2019

GVEC Fiber Internet expansion continues across the service territory, with 2,300 new Fiber customers signed up in 2019—by far our biggest year to date.



Given the rapid pace of technological advancement so far in the 21st century, it's impossible to envision what'll be possible in the next 80 years. One thing GVEC members and customers can count on, though: Their Cooperative will keep learning from the past and applying those lessons to the present and future—delivering more to help make sure the Guadalupe Valley keeps pace with whatever life brings in the decades to come.

EXCEEDING EXPECTATIONS



FOLLOW US ON



Gonzales

825 E. Sarah DeWitt Dr.
830.857.1200

Cuero

1015 E. Broadway
361.275.2334

La Vernia

13849 U.S. Hwy 87 W.
830.253.1600

Schertz

908 Curtiss Ave.
210.658.7033

Seguin

927 N. Hwy 46
830.379.2114



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