

DELIVERING MORE.

2020

Empowering Life

2020 Annual Report

gvec.org

gvec
Delivering more.™

Electricity | AC/Heating | Solar & Battery | Electrician Services | Internet | Community



DELIVERING MORE

GROWTH DESPITE ADVERSITY



Like for so many of you reading this, 2020 was a year that came with unexpected obstacles for GVEC. COVID-19 greatly impacted the way we worked, and much of the time, it was a learn-as-we-went process. But, as we’ve always managed to do when challenges arise, we rose higher to continue serving our members—especially when they needed us most.

As a provider of essential services, GVEC couldn’t simply shut down while the world figured out how to navigate through the unknowns of COVID-19. We had to adapt to remain productive and safe despite what was going on around us. Normal, everyday procedures for delivery of electric, internet and other services had to be re-thought. Accomplishing this meant managing changes efficiently. Communicating clearly to our customers, adjusting quickly to new safety protocols, closing lobbies, transitioning to working and meeting remotely, all were vital to continue delivering the products and services depended on by so many.

It came as no surprise, our entire GVEC employee base stepped up to meet the challenge for our members and customers almost seamlessly, and we could not be more proud of our Cooperative team. As COVID-19 impacted many local businesses in the GVEC area, including GVEC, we are pleased to report that in spite of the global pandemic, we experienced strong business growth overall.

While following guidelines from the Centers for Disease Control and Prevention (CDC) and with appropriate safety and health precautions in place, our beyond the meter services including AC/heating, solar and battery storage, and electrician services

were able to continue delivering much-needed services for customers throughout our region. AC/heating repairs and installations helped keep people comfortable as they spent more time in their homes. Interest in residential solar panel systems and battery storage continued to grow as it moved out of the early-adopter stage and became more mainstream. And our Electrician services sustained growth into its third full year with electricians continuing essential work.

As many GVEC employees began working remotely after the onset of the pandemic, so did many of those we serve. This included students enrolled in schools and parents abruptly switching from in-person classrooms and workspaces to online learning and working from home. This resulted in high demand for GVEC Internet in the areas we serve, and we were able to install new Fiber and Wireless service in record time for many finding themselves in need of dependable connections.

On the electric side, our line inspections and maintenance routines were continued without interruption, as these are an integral part of supporting the integrity of our grid and delivering dependable service to our members. To that same end, new

construction of substations and major projects were completed as planned to meet the needs created by the many new homes and families making their way into the Guadalupe Valley.

We were also able to complete the transition of our demand response program from Rush Hour Rewards™ (RHR) to Peak-Time Payback (PTP). This allowed our members more opportunity to participate in this beneficial program that helps consumers save on their energy consumption while also helping the Cooperative keep transmission rates stable.

In 2020 we stepped up to help local businesses struggling during COVID-19 restrictions. GVEC began showcasing some of them on our social media outlets to let customers know what businesses remained open, of changes in hours or offering new curbside or delivery options, or if online ordering was available.

GVEC also quickly responded to the sudden financial loss many individuals and families experienced as well. During a time of apprehension for so many, the last thing we wanted was for our members and customers to carry the additional worry of incurring extra fees or having services cut off. We immediately suspended late penalties and non-payment disconnections on electric and internet services. We also adjusted our payment arrangement policy and continued working with our members and customers according to individual needs and circumstances into 2021.

Furthermore, recognizing the responsibility to support our members, especially at a time financial concerns may have been higher than usual for many, our Board of Directors took steps to help ease those concerns where possible. In March 2020, the GVEC Charitable Foundation Board voted to add additional funds to the Power Up™ community assistance fund in the wake of COVID-19. And in July, we gladly announced the largest-ever

distribution of capital credits in the Cooperative’s history—\$6.6 million in patronage returned to GVEC member-owners.


In the pages ahead, you’ll read in more detail, GVEC’s successes in 2020 as we navigated our way through unprecedented conditions brought about by the global pandemic.


That being said, it would be remiss not to acknowledge the impacts the historic winter freeze had on GVEC.

Just as the year ended and we were beginning 2021 in a strong position, the historic winter freeze occurred. Record demand and significant generation outages resulted in extreme market prices for electricity. Though we did adjust rates in May 2021 to cover these costs over time, we remind you GVEC is a not-for-profit cooperative who always keeps its members’ best interests at heart.

As we’ve begun returning “back to normal” and continue to move forward, we hope what you read will help build your sense of confidence, knowing you’re a member of a strong Cooperative focused on empowering you, come what may.

At GVEC, we have always made it a priority to positively impact the communities in which we live and do business. This is why we recognize the importance of identifying and delivering products and services that empower the people and communities we serve. Though we still may be facing a few uncertainties, there’s an unwavering certainty that continues: No matter what obstacles or circumstances arise, GVEC will always remain focused on putting people before profit, doing what is right by our customers and continuing to empower life in the Guadalupe Valley.


Lewis Borgfeld
Board President


Darren Schauer
General Manager and CEO

EMPOWERING THE FUTURE FOR OUR MEMBERS

GVEC’s delivery infrastructure has been transitioning over the last several years from one that was primarily utilized for delivering only electricity to one that also includes high-speed communication assets serving many different purposes. This type of merged infrastructure not only functions to serve internet customers, but also creates a grid of strategic communication to monitor and control the electric system which benefits the entire customer base.

Grid Communication and Reliability

It’s the convergence of these product solutions—electric and internet—that improves our ability to implement operational efficiencies when designing and maintaining a state-of-the-art transmission and distribution system. Applying this knowledge to better support the communications systems being built today fosters a grid that is able to do things like strategically locate breakers for self-healing or backhaul large amounts of meter data.

As our world becomes more connected, it stands to reason that our electric grid does, too. Some of the factors driving this transition include system-connected devices (such as solar panel and battery storage systems), the ever-expanding Internet of Things (IoT), automated home thermostats and consumer access to real-time usage information.

Building a more intelligent grid that can be monitored and controlled in real-time allows for more efficient use of GVEC’s network and contributes to producing real-time data exchanges between consumers and the monitoring system. This provides greater flexibility for our members to monitor and control energy usage.

Making Enhanced Reliability a Reality

The implementation of our new Supervisory Control and Data Acquisition (SCADA) system across our electric grid in 2019, along with expanding the GVEC Fiber network, enables enhanced monitoring, communication and coordination throughout our service territory. Other projects we continue working on to support building the “grid of the future” over the next five years include redundant communication paths to all GVEC substations, offices and tower sites, and system-wide meter changes to Advanced Metering Infrastructure (AMI), which allows visibility of near real-time data and alerts for our members.

The completion of the Meadow Lake Substation is a prime example, showcasing these types of technologies working together. The substation was constructed along Highway 123 in Seguin along

with a 180-foot communications tower. This is the first GVEC substation with a communication and network room physically isolated from the rest of the building, allowing safe, secure access to certified personnel only. It includes a “rack” setup designed to give better accessibility to equipment and incorporates the ability to support future Fiber to the Home (FTTH) buildouts. Moreover, it’s the first GVEC substation with backup power using a direct current (DC) power plant rather than an uninterruptible power supply (UPS), which is more efficient and robust compared to AC power and UPS backup.

In addition, we continue traditional ways of ensuring optimal performance of our distribution circuits, including tree trimming, pole inspections and other system improvement projects. At the same time, we also embraced new technologies such as using drones to inspect and locate trouble spots along our lines.

The Meadow Lake Substation, constructed with a 180-foot communications tower, is an example of technologies working together, supporting fiber-based communication and future FTTH buildouts. It’s the first GVEC substation with a separate communication and network room to give better accessibility and with backup power using a more efficient and robust DC power plant.



GVEC inspects and maintains an extensive area of right-of-way each year. In 2020, maintenance of 1,685 miles of right-of-way was completed.



At GVEC, we continue traditional ways of ensuring optimal performance of our distribution circuits while also embracing new technology. Drones are helpful tools in inspecting and identifying trouble spots along our lines.

Inspection, Maintenance and System Improvements

With 154 distribution circuits in place and continued growth in customers and electric demand, constant inspection, maintenance, and improvement projects are important to maintain high levels of performance. In 2020, that scope of work included:

- Inspection of 12,497 poles
- Replacement of 1,000 rejected poles
- Maintenance of 1,685 miles of right-of-way

Maintaining Reliable Rates

In 2018, GVEC launched Rush Hour Rewards™ (RHR), a demand response program that utilized Nest® thermostats to help reduce strain on the grid during peak times of usage, often in the summer months. In May 2020, we transitioned this program to Peak-Time Payback (PTP).

Peak-Time Payback works the same way RHR worked, with the same goal of stabilizing electricity rates for our members. However, PTP is compatible with the Ecobee SmartThermostat with Voice Control as well as Nest, allowing more participation in the program. This demand response program boosts energy conservation when consumption is usually at its highest, especially from June through September when the Electric Reliability Council of Texas (ERCOT) uses peak-times to determine GVEC’s share of statewide transmission costs each year.

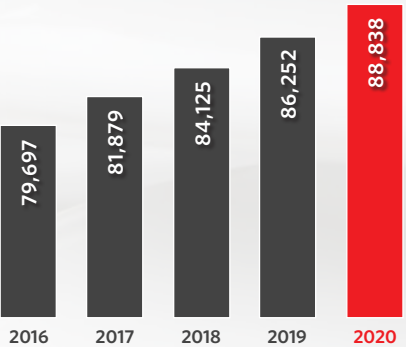
As with RHR, when members sign up for PTP, they receive an \$85 bill credit and earn an additional \$30 credit each October, if enrolled from May 31 through September 30. These incentives add extra savings to what members can achieve through installing an internet-connected thermostat alone, not to mention the savings they can enjoy through PTP energy conservation. By the end of 2020, a total of 1,859 members had enrolled in this energy-efficient, money-saving program.

Combined with GVEC’s rooftop solar and SunHub™ electricity generation, PTP offers a powerful tool for curbing overall usage during crucial windows, helping stabilize GVEC’s transmission rates that are passed to members.

MILES OF ELECTRIC LINE

2020	8,868	2020	1,146
2019	8,769	2019	1,087
2018	8,711	2018	1,066
2017	8,659	2017	1,037
2016	8,583	2016	986
OVERHEAD		UNDERGROUND	

TOTAL ELECTRIC METERS



ELECTRIC OUTAGE TRACKING

	2020	BENCHMARK
SAIFI Avg. # of interruptions	1.02	1.16
SAIDI Avg. time of system outage	1h 02m	1h 32m
CAIDI Avg. time of mbr. restoration	1h 00m	1h 20m

EMPOWERING BEYOND THE METER

2020 continued the up-trend our beyond the meter services have seen over the last few years. Although COVID-19 presented obstacles for some of these services, our AC/heating, solar and battery storage, and electrician services still experienced an 8% revenue growth from 2019.

Continuing with Caution

In early spring, upon the first confirmed case of COVID-19 in our service area, the GVEC team immediately stepped into action working to identify the measures we would take to help protect the health of our customers and employees. Our Emergency Action Plan, which we continually study and update, helped guide us through the initial decisions of these unprecedented times.

GVEC responded by following guidelines from the Centers for Disease Control and Prevention (CDC) and local, state, and federal officials to practice social distancing. We closed our lobbies to the public while keeping the drive-thrus open for our customers' convenience. Our field employees were outfitted with additional personal protective equipment (PPE), as recommended by the CDC, to continue serving our members and customers.

Other precautions taken early on included limiting in-home visits to those necessary to keep HVAC systems operational or essential work by GVEC electricians such as repairing or replacing failed breakers and main or sub-panels. These types of home comfort services became even more of an immediate need for some customers as stay-at-home orders were issued across our service area.

Solar Growth in the Guadalupe Valley

As 2020 slowed growth of some services and industries, GVEC saw inquiries about solar services steadily continue. This included not only the sale and installation of solar panel systems within the areas we serve, but battery storage as well.

At the end of 2019, GVEC was designated as a Tesla Powerwall Certified Installer, and we have seen growing interest in Tesla Powerwall battery storage. Realizing the benefits pairing battery storage with a solar panel system delivers, there was much enthusiasm for battery storage products like Tesla in 2020, as well as solar panel systems.

With a total of 2,184 solar systems installed in the GVEC service area by the end of 2020, our total cumulative kW capacity has now reached 14,334 MW. This sustained growth indicates solar is becoming more mainstream. Therefore, GVEC continues delivering financing options for qualified buyers interested in making renewable energy part of their residential electricity consumption.

Along with GVEC's financing options, solar customers are still able to take advantage of a 26% federal rebate thanks to the U.S.

Congress approving a two-year extension of the federal investment tax credit (ITC) in December. Under this legislation, the ITC will remain 26% through 2021 and 2022, dropping to 22% in 2023 and then dropping further to only 10% in 2024.

SunHub™ Remains a Viable Solar Option

The ITC extension was great news for those still weighing their options when it comes to investing in residential solar panel and battery storage systems. However, GVEC understands this is a major, long-term investment for homeowners, and not everyone interested in solar energy may be ready to take the full plunge into the renewable pool.

This is why GVEC also offers SunHub for members to purchase part of their electricity from Community Solar. In 2020, 194 members signed up for SunHub Community Solar—bringing the total number of participants to 755, compared to 561 in 2019. And we are happy to report rates held steady, mirroring the Cooperative's Generation and Transmission (G&T) rate of \$0.059 per kWh for the year as well. SunHub remains a viable option for those who want to support

solar generation but may not be ready to make an upfront investment in a solar panel system for their home.

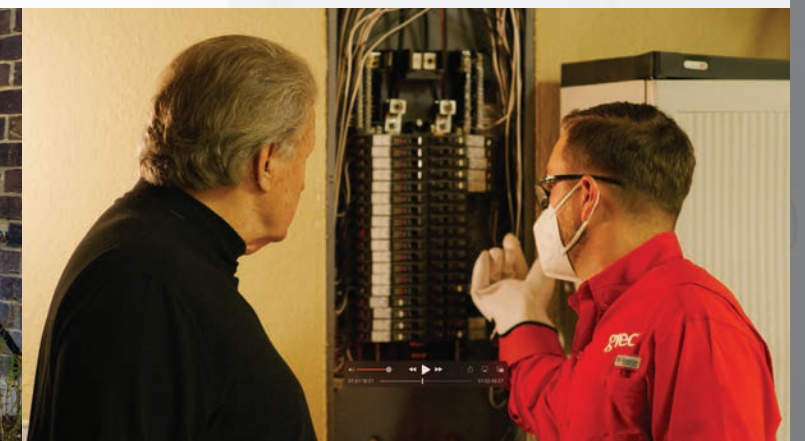
Financing Brings Affordable Value

GVEC continued offering flexible financing to our AC/heating and solar customers in 2020, including on-bill financing for our members. This valuable service delivers an affordable way to install or replace HVAC systems or to invest in solar and battery storage options. In 2020, the total dollar amount of financing increased 26%.



GVEC continued seeing growth in Solar products and services in 2020. This included enthusiasm for battery storage products like Tesla Powerwall as well as solar panel systems.

GVEC electrician and AC/heating technicians continued serving customers needing essential work done to maintain safety and home comfort in 2020. Our field employees were outfitted with CDC-recommended PPE to make every effort to keep them and our customers safe while working in their homes.



EMPOWERING CONNECTIONS

We’ve known for a while the internet has become a necessity in life as opposed to a luxury. However, 2020 proved to be a time where the importance of internet connectivity was felt by all. As everyone spent most of their time at home, it was imperative to have the ability to connect virtually for work, school and social interaction. A reliable home internet connection became more important than ever before, and GVEC was ready to meet the demand.

GVEC Internet recognized the immediate need for new customers needing service quickly and went to work, completing installations as quickly as possible. We exceeded our usual target time for completion of new installs. As a result, our customer base increased 31% in 2020, and Fiber and Wireless customers totaled 17,441 by the end of the year.

Growing GVEC Fiber

The restrictions of 2020 did not prevent us from accomplishing the Fiber buildouts we planned. By the end of the year, we completed 3,807 new Fiber passings. These buildouts were primarily in underserved locations in both rural and suburban areas where other providers don’t offer fiber internet service.

In all, we added nearly 302 miles of fiber optic wiring to our grid, totaling approximately 288 miles of overhead and 14 miles of underground line with fiber.

2020 TOTAL MILES OF LINE WITH FIBER

OVERHEAD	288
UNDERGROUND	14
TOTAL	302

Continuing Wireless Improvements

All planned Wireless projects also met completion by the end of 2020. We recognize the importance of delivering reliable, high-speed service for all GVEC Internet customers, and this means not wavering in our dedication to provide dependable Wireless where Fiber is not yet available.

In 2020, we added four new towers to serve the broadband needs in our service areas. These were the James Telco Tower, offering up

to 8 Mbps; and the CMC Water Tower, Hallettsville Water Tower and Witting Tower, all delivering speeds up to 25 Mbps.

Additionally, service upgrades were completed on 12 towers to either improve signal delivery or enhance speeds. These towers included the 123 Substation and La Vernia Substation and Arneckeville, Hickory Forest, Hope, Matador, Nixon, Nordheim, Ottine, Runge, Stagecoach and Stratton Towers.

All GVEC Wireless projects planned for 2020 met completion with the addition of four new service towers and service upgrades to 12 existing towers.



COVID-19 restrictions didn’t stand in the way of Fiber buildouts in 2020. By the end of the year, GVEC completed 3,807 new Fiber passings.

New and Improved Self-Service Customer Portal

GVEC prioritizes delivering exemplary customer service, and sometimes this means introducing new systems both internally and externally. In February, our conversion to a new self-service customer portal was finalized. As our customer base increases and the innovative internet technology we offer continues to develop, it’s essential that our billing and information system provides the advanced functionality to support this.

As a result of this upgrade, customers enjoy more user-friendly functions when it comes to online bill pay, along with the accessibility to easily update account information. Other benefits the new system offers that aren’t quite as outwardly visible to customers include changes to make actions such as ticketing and scheduling installation and service calls more efficient.

GVEC’s Second E-rate Project Completed

E-rate is a program through the Federal Communications Commission (FCC) that provides discounted, high-speed internet access to schools and libraries based on financial need. The program helps ensure these rural institutions have the means for affordable telecommunication and information services.

In 2020, many found out just how important the internet was as more people had to work and learn from home. As a result, GVEC scheduled and performed new installs in record time to deliver reliable, high-speed internet to new customers.

In March 2020, GVEC completed it’s second E-rate project with the installation of Fiber Internet for Moulton ISD. (GVEC’s first E-rate project was at Stockdale ISD in 2018.) For the Moulton project, the FCC’s 80% construction reimbursement, along with 10% state-committed funding that the FCC then matched, meant 100% of construction costs for GVEC Fiber Internet service was met. This resulted in saving the district \$317,564 to gain access to the fastest internet technology available. Moreover, completion of the Moulton upgrade increased the district’s speeds from 100 Mbps to 750 Mbps.

By expanding Fiber into the local areas of school districts we contract with through E-rate, we are strengthening our electric grid as well, benefiting the GVEC membership as a whole. Fiber enhances communications along our electric grid by allowing compatibility with more technologically advanced systems like our SCADA software, discussed previously, which is designed for fiber-based communication.

GVEC completed its second E-rate project in March 2020. Thanks to the E-rate program, Moulton ISD was outfitted with Fiber Internet with 100% of construction costs covered.



EMPOWERING THE COMMUNITIES WE SERVE

Being actively involved in the communities we're part of has always been a priority for GVEC. This manifests itself in various forms of supporting education and youth programs, local business and non-profit organizations, economic development in the area, and more. However, COVID-19 restrictions throughout 2020 found us asking ourselves a question we had never needed to ask before: How do you work in the community from home?

New Projects and Presentations

With many parents at home with their children because of stay-at-home orders, our community relations representatives saw an opportunity to do some things they normally do in person—serve and help educate—through short videos on social media. They collaborated with team members to lay out a schedule based on weekly themes. Presentations included story times, experiments, simple snack recipes and crafts.

Our community relations representatives and economic development team also presented short videos or livestreams highlighting local businesses in the area. They included information on ways you could patronize these businesses safely online, via curbside or in-person following CDC guidelines put in place by each establishment.

A New Spin on GVEC Traditions

Some traditions such as awarding GVEC Scholarships to graduating seniors in our service territory took a new turn. Rather than honoring recipients at the customary Scholarship Luncheon usually held each year, the 15 seniors were individually recognized on GVEC's Facebook page. This social media spotlight included each student's photo and biography telling a bit about their hard work and accomplishments throughout their successful high school careers.

Additionally, 2020 included prepping our Louie the Lightning Bug Electrical Safety program to remain part of the second-semester curriculum for second graders in our region by going virtual. As an alternative to Louie visiting classrooms, students and teachers were able to continue having fun and learning through the introduction of a new interactive website—Electric Universe! Students get to explore electrical safety with Louie through games, short video clips, and awesome activity and coloring pages. Teachers also have their own space on the site, offering lesson plans, experiments and references to help incorporate Electric Universe in their classrooms.

Economic Development

In 2019, we announced the sale of a 159-acre tract of land, making it one of GVEC's largest economic development projects to date. The acreage is the location of the second U.S. facility for Aisin AW, a Japan-based Fortune 500 company and global manufacturer of automotive transmissions, among other products. This state-of-the-art transmission manufacturing facility plans to offer more than 900 new jobs to the area by the end of 2023.

Despite the global pandemic, construction of the facility and hiring of employees for AW Texas, Inc. pressed on in 2020 in preparation



GVEC's member contribution-funded Power Up program awarded 18 grants totaling \$299,901 to local nonprofit and community enrichment organizations in 2020.

for the facility's production to begin in 2021. GVEC is proud to have been part of achieving this economic milestone within the communities we serve.

Power Up™ Continued to Power Through

In 2020, the member contribution-funded Power Up program continued to support nonprofit organizations and community assistance with even greater bearing than in years past. Realizing the significant financial impact COVID-19 had on members, the GVEC Charitable Foundation Board of Directors voted to add an additional \$20,000 to the bill assistance portion of Power Up. Consequently, \$64,417.79 in financial assistance was disbursed in 2020.

The Power Up grant program also continued its support of nonprofit and community enrichment programs through the generous participation of our members. Eighteen grants totaling \$299,901 were awarded in 2020. The GVEC Power Up program is truly a testament to our members' benevolence and recognition that supporting our communities and each other significantly empowers the lives of everyone in our society—now and in the future.

\$299,901

**2020
Grant Funds**

\$2,746,743

**Grant Funds
Since 2012**

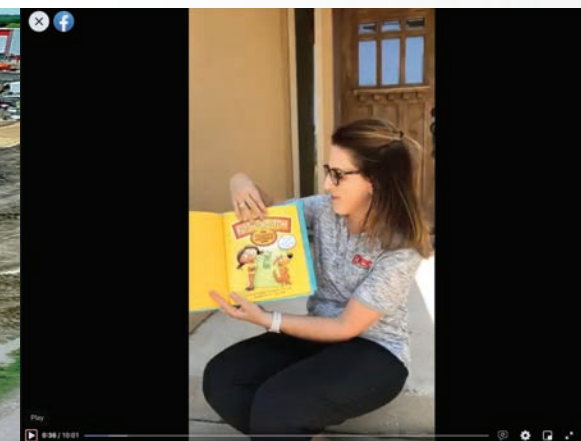
\$64,418

**2020
Financial Assistance**

\$535,939

**Financial Assistance
Since 2012**

The sale of the 159-acre tract of land to Aisin AW in 2019 marked one of GVEC's largest-ever economic development projects. Construction of the new AW Texas facility continued during 2020, along with hiring for new jobs, allowing production at the location to begin in 2021.



COVID-19 presented an opportunity for GVEC community relations representatives to serve and help educate through social media. Presentations included story times, experiments and profiles of local businesses.

In 2020, GVEC got creative to ensure some traditions carried on—just in a new way. Rather than at the annual GVEC Scholarship Luncheon, senior scholarship recipients were recognized in individual Facebook spotlights.

EMPOWERING FINANCIAL RESPONSIBILITY

At GVEC, we know responsible financial management is essential to building a Cooperative you can be confident in. We have an obligation to utilize the resources of our members wisely, using sound judgment in all our business practices. We work to maintain a strong financial foundation that helps stabilize rates and allows the Cooperative to invest in the products and services needed by those we serve. 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 returned a record \$6.6 million in patronage capital to its member-owners—the largest distribution of capital credits in the 82-year history of the Cooperative.
- ▶ 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.
- ▶ The Cooperative successfully executed a \$100 million multi-advance term loan commitment to refinance the balance in its Commercial Paper Program and fund long-term system expansions and upgrades.

FROM LEFT: GVEC Directors Shawn Martinez (District 4); Joe A. Castilleja (District 6); Secretary/Treasurer Henry C. Schmidt Jr. (District 3); David Warzecha (District 11); 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).



GVEC CONSOLIDATED FINANCIALS

Year Ending December 31, 2020

2020 Balance Sheet

Assets	
Cash and Cash Equivalents	\$35,051,467
Current and Accrued Assets	34,933,374
Property, Plant and Equipment	852,582,460
Accumulated Depreciation	(272,442,876)
Net Property, Plant and Equipment	580,139,584
Other Long-Term Assets	22,141,974
Total Assets	<u>\$672,266,399</u>
Liabilities	
Current and Accrued Liabilities	\$48,040,987
Current Portion of Long-Term Debt	11,121,361
Notes and Bonds Payable, Long-Term	252,884,652
Other Long-Term Liabilities	18,822,361
Total Liabilities	<u>\$330,869,361</u>
Member Equity	
Total Patronage Capital and Other Equity	\$341,397,038
Total Member Equity	<u>341,397,038</u>
Total Liabilities and Equity	<u>\$672,266,399</u>

2020 Income Statement

Operating Revenue	
Sales	\$240,243,827
Cost of Sales	<u>138,179,073</u>
Gross Margin on Sales	\$102,064,754
Expenses	
Operating Expense	\$43,925,000
Depreciation and Amortization	34,416,480
Interest Expense	10,099,107
Other Expense (Income)	<u>(2,565,789)</u>
Income Before Tax Expense	16,189,956
Tax Expense (Benefit)	<u>144,211</u>
Net Income	<u>\$16,045,745</u>

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

2020 Cash Flow

Net Margin	\$16,045,745
Adjustments to Reconcile Net Margin to Net Cash	
Depreciation and Amortization	35,465,159
Provision for Bad Debt Expense	90,709
Patronage Capital Dividends	(880,079)
Deferred Income Taxes	67,817
(Increase) Decrease in Current Assets	(4,795,504)
(Increase) Decrease in Long-Term Assets	78,806
Increase (Decrease) in Current Liabilities	14,579,518
Increase (Decrease) in Long-Term Liabilities	<u>(1,674,580)</u>
Net Cash Provided by Operating Activities	<u>\$58,977,591</u>

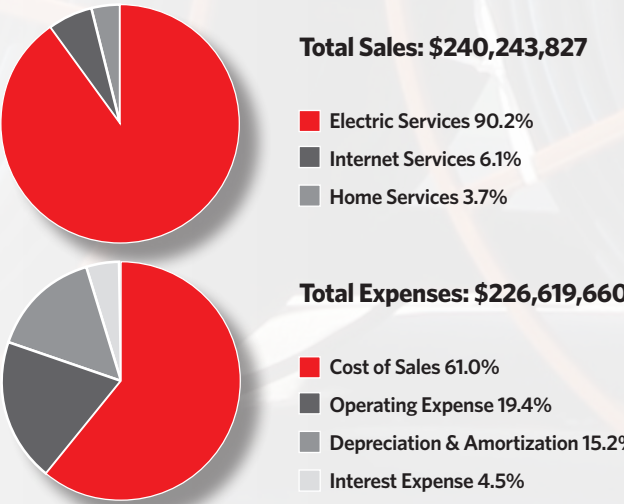
Cash Flows from Investing Activities

Purchase of Property, Plant and Equipment	\$(76,536,553)
Purchase of Intangible Assets	(3,101,393)
Patronage Capital Dividends	102,068
Collections on Loans	1,276,022
New Loans Issued	<u>(2,127,972)</u>
Net Cash Used in Investing Activities	<u>\$(80,387,828)</u>

Cash Flows from Financing Activities

Change in Members' Deposits	\$(757,043)
Capital Credits Retained	15,150,345
Memberships Issued (Returned)	26,684
Patronage Capital Retired	(20,902,036)
Proceeds from New Debt Issued	50,000,000
Repayment of Debt	(19,245,654)
Net Payments on Commercial Paper	<u>(4,811,418)</u>
Net Cash Used in Financing Activities	<u>\$19,460,878</u>

Increase in Cash and Cash Equivalents	\$1,949,359
Cash and Cash Equivalents at Beginning of Year	<u>\$37,000,826</u>
Cash and Cash Equivalents at End of Year	<u>\$35,051,467</u>



MOVING SWIFTLY TO DELIVER THE UNEXPECTED.

PEOPLE. TECHNOLOGY. SOLUTIONS.

MEMBERS

COMMUNITIES

VISION STATEMENT

MOVING SWIFTLY TO DELIVER THE UNEXPECTED.
PEOPLE. TECHNOLOGY. SOLUTIONS.

MISSION STATEMENT

Building on our heritage and having confidence in the future, GVEC is a team of professionals committed to exceeding expectations by identifying and investing in products and services that empower the people and communities we serve.

BEYOND THE METER

CONNECTIONS

FINANCIALS

VALUES

We are motivated and guided by these shared values that shape and impact every aspect of what we do.

CUSTOMER EXPERIENCE

Delivering the GVEC experience, we realize the importance of our customers and work to ensure our people and solutions exceed their expectations.

ETHICAL & PROFESSIONAL BEHAVIOR

Seeing people as people, we will honor and respect one another, operating in a manner that reflects high morals, integrity, empathy and courtesy.

TEAMWORK

Working together, we hold ourselves accountable for the impact our work has on others. We do the right thing, practicing humility and helpfulness as we work together to accomplish our goals.

EMPLOYEE DEVELOPMENT

Focusing on developing employees, we will foster an environment of continued education and training in both leadership and technical skills. We retain and promote based on attitude and aptitude.

GOOD CORPORATE CITIZENSHIP

Investing in our communities, we work to develop and expand them, both socially and economically, encouraging community involvement by our employees.

SAFETY & WELLNESS

Living well and working safely, we make safety and wellness a top priority and work to create a safe and healthy environment for our employees and the public.

RESPONSIBLE FINANCIAL MANAGEMENT

Managing resources responsibly, we will utilize the resources of our member-owners in a diligent and responsible manner, using sound judgment in all our business practices.

MEMBERS

BEYOND THE METER

CONNECTIONS

COMMUNITIES

FINANCIALS





EMPOWERING LIFE

DELIVERING MORE

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

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