

# San Patricio Electric Cooperative Annual Report

The following pages contain information about the operation of your electric cooperative over the past year.

We encourage you to review the information; if you have any questions, please don't hesitate to contact us at (361) 364-2220.

We also encourage you to attend the cooperative's annual member meeting.

# San Patricio EC Annual Member Meeting

Saturday, September 13, 2025 | Bee County Exposition Center The meeting begins at 9:30 a.m.

Registration opens at 8 a.m. and closes at 9:30 a.m. The determination of a quorum will be made upon the closing of registration.





# President's Message

s a farmer, I've always believed that the best crops come from strong roots—and the same is true for San Patricio Electric Cooperative. Your co-op is rooted in service, built by neighbors who came together decades ago to bring power to rural homes and farms like mine.

Today, it's my privilege to serve as your board president and witness how SPEC continues to grow, innovate and give back to the communities we call home.

All members reap the rewards of the co-op's not-for-profit business model. At the end of last year, SPEC returned \$2.6 million to its members. Of that, \$800,000 was given back as billing credits, and another \$1.8 million was returned through capital credits checks.

Each year, your board of directors evaluates the cooperative's financial standing and determines what, if any, margins can be returned to our members. And we have a good track record of returning funds. Since 2008, SPEC has retired more than \$22 million in capital credits. That's the cooperative difference.

The co-op is also planting seeds for the future by investing in our young people. This year, the co-op awarded 10 local high school seniors each a \$10,000 scholarship. These students are currently attending their first semester at a college, university or trade school. We hope they will bring their newfound knowledge back home to our communities—and maybe even our co-op—someday.

In addition to our scholarship program, SPEC was able to send two local high school students to Washington, D.C., this summer to represent the co-op on the Government-in-Action Youth Tour. Through this leadership trip, two young ladies got to tour the nation's capital, learn about its history and experience how our government is run.

Since 2013 we've sent 22 local students through this immersive leadership experience. I believe the Youth Tour program is a worthwhile endeavor. Through it, students make connections to other young folks across the country, and they come home with a deeper appreciation for their roots. Many of these students have gone on to become SPEC scholarship recipients, and a few have even returned to the co-op to complete internships.

Beyond these programs, we work to support our communities by donating photos to participants at area livestock shows, providing school safety demonstrations, offering free energy audits, and supporting local organizations through donations and volunteerism.

Taking care of our community also means taking care of our employees. We want the co-op to be a great place to work—and a safe place to work. I feel blessed to say the cooperative has gone 17 years without a lost-time incident. That is a remarkable safety record in an industry with so many hazards. Lord willing, the cooperative will celebrate 18 years without a lost-time incident in November. I hope you'll join me in praying for their continued safety.

I also want to express my gratitude for the leadership of our outgoing general manager, Ron Hughes. After 49 years of service at SPEC—including 19 as the co-op's general manager—Hughes retired at the end of August.

He led the co-op with a steady vision and a heart firmly rooted in service to our members. Like a good steward of the land, he knew when to push forward, when to pause and how to bring out the best in those around him. We're grateful for the legacy he leaves behind and wish him all the best in his retirement.

Your board of directors spent the better part of this year working with an executive search firm to find the best candidate to lead our cooperative into the future. After an extensive process, the board unanimously selected Freddy Wolff to serve as the cooperative's new general manager.

Wolff has more than two decades of experience in the electric utility and telecommunications industries. Utilizing his background in business and finance, Wolff has served in executive roles at several member-owned cooperatives in Central Texas.

I have every confidence that Wolff's leadership qualities and deep understanding of the cooperative business will guide San Patricio Electric toward a fruitful future.

Above all, you can rest assured that we will never lose sight of our mission to provide you with safe, reliable electricity.

I hope to see you at our annual meeting September 13.

Tom Mayo, President
Board of Directors
San Patricio Electric Cooperative



# Manager's Message

'm honored to join San Patricio Electric Cooperative as your new general manager. Though I've just begun this journey with SPEC, I already feel at home—with a warm welcome from a great team, a dedicated board of directors and a wonderful community.

This cooperative was built by the hands of local people with a shared vision—to bring power, opportunity and progress to the communities we call home. I'm excited to join this legacy of service that spans nearly nine decades. It's both an honor and a responsibility that I do not take lightly.

Electric cooperatives have a unique business model, where people are put ahead of profits. Every decision we make is based on a commitment to our members—to support your needs, your values and your future. It's this commitment that drew me to cooperative work more than two decades ago and continues to fuel my sense of purpose.

Before coming to SPEC, I served in executive leadership roles focused on finance and operations at cooperatives in Central Texas, and most recently I served as chief financial officer at an electric co-op in Nevada. Earlier in my career, I worked at the Electric Reliability Council of Texas, which gave me valuable insight into the infrastructure of the Texas electric grid.

I hold a Bachelor of Business Administration in accounting from Texas State University and a Master of Business Administration from Texas A&M University—Commerce, and I'm a certified public accountant. These credentials have helped shape my strong foundation in financial oversight, governance and operational accountability. I am committed to managing your cooperative with integrity and care.

I've spent my first few weeks listening, learning and meeting

the employees, directors and members who make this co-op what it is. I'm inspired by what I've seen—a deep commitment to safety, reliability, service and financial stewardship.

As we look toward the future, my goal is to build upon the strong foundation that's already been laid. I believe in innovation with purpose, in strengthening member relationships and in supporting the employees who make our mission possible every day.

I believe in the power of the cooperative business model, and I look forward to supporting a mission of enhancing members' lives through safe, reliable and affordable service.

While I work to support this cooperative mission, I can't forget to mention my wonderful support system at home: my beautiful wife, Kelly, and our two teenage daughters. My family is excited to have returned to South Texas. We're looking forward to planting roots and becoming active members of the community.

As I settle into this role, I hope to meet many of you, hear your stories and learn how SPEC can continue to meet your needs today and in the future. With your support, SPEC hopes to serve you safely for many years to come.

Thank you for your patronage. I look forward to meeting you at our annual meeting September 13.

Freddy Wolff,
Freddy Wolff, General Manager
San Patricio Electric Cooperative

# **Balance Sheet**

December 31, 2024 and 2023

ASSETS		2024		2023
UTILITY PLANT				
Electric plant in service at cost	\$	79,091,697	\$	73,656,562
Construction work in progress		860,803		332,033
Total	\$	79,952,500	\$	73,988,595
Less: Accumulated provisions for depreciation			·	
and amortization		(15,801,859)		(16,073,937)
Net utility plant		64,150,641		57,914,658
OTHER PROPERTY AND INVESTMENTS				
Investments in associated organizations	\$	27,688,810	\$	25,933,745
Total		27,688,810		25,933,745
CURRENT ASSETS				
Cash—general	\$	309,216	\$	1,314,635
Temporary cash investments	Ψ	3,893,887	*	2,844,749
Accounts and notes receivable (Less allowance for credit losses of		0,000,007		2,011,710
\$470,314 in 2024 and \$468,636 in 2023)		1,535,050		969,382
Unbilled revenue		505,165		414,171
Materials and supplies (at average cost)				
		11,139		22,945
Other current and accrued assets	4	187,028	•	195,421
Total	\$	6,441,485	\$	5,761,303
DEFERRED CHARGES	\$	52,070	\$	14,062
TOTAL ASSETS			¢	89,623,768
TOTAL AGGLTO	Þ	98,333,006	φ	00,020,700
	Þ		Ψ	
EQUITIES AND LIABILITIES	•	2024	•	2023
EQUITIES AND LIABILITIES EQUITIES AND MARGINS		2024		2023
EQUITIES AND LIABILITIES  EQUITIES AND MARGINS Memberships	\$	<b>2024</b> 24,730	\$	<b>2023</b> 25,620
EQUITIES AND LIABILITIES  EQUITIES AND MARGINS Memberships Patronage capital		2024 24,730 50,634,076		2023 25,620 49,350,383
EQUITIES AND LIABILITIES  EQUITIES AND MARGINS  Memberships Patronage capital Other equities	\$	2024 24,730 50,634,076 197,620		<b>2023</b> 25,620
EQUITIES AND LIABILITIES  EQUITIES AND MARGINS Memberships Patronage capital	\$	2024 24,730 50,634,076	\$	2023 25,620 49,350,383
EQUITIES AND LIABILITIES  EQUITIES AND MARGINS  Memberships Patronage capital Other equities	\$	2024 24,730 50,634,076 197,620	\$	2023 25,620 49,350,383 194,513
EQUITIES AND LIABILITIES  EQUITIES AND MARGINS  Memberships Patronage capital Other equities Total	\$	2024 24,730 50,634,076 197,620	\$	2023 25,620 49,350,383 194,513
EQUITIES AND LIABILITIES  EQUITIES AND MARGINS  Memberships Patronage capital Other equities Total  LONG-TERM DEBT	\$	24,730 50,634,076 197,620 50,856,426	\$	25,620 49,350,383 194,513 <b>49,570,516</b>
EQUITIES AND LIABILITIES  EQUITIES AND MARGINS  Memberships Patronage capital Other equities Total  LONG-TERM DEBT FFB mortgage notes less current maturities	\$	24,730 50,634,076 197,620 50,856,426	\$	25,620 49,350,383 194,513 <b>49,570,516</b> 29,722,937
EQUITIES AND LIABILITIES  EQUITIES AND MARGINS  Memberships Patronage capital Other equities Total  LONG-TERM DEBT  FFB mortgage notes less current maturities CFC mortgage notes less current maturities	\$ <b>\$</b>	2024 24,730 50,634,076 197,620 50,856,426 34,948,214 19,229	\$ <b>\$</b>	2023 25,620 49,350,383 194,513 49,570,516 29,722,937 26,277
EQUITIES AND LIABILITIES  EQUITIES AND MARGINS  Memberships Patronage capital Other equities Total  LONG-TERM DEBT FFB mortgage notes less current maturities CFC mortgage notes less current maturities CoBank mortgage notes less current maturities	\$ <b>\$</b>	24,730 50,634,076 197,620 50,856,426 34,948,214 19,229 5,216,876	\$ <b>\$</b>	25,620 49,350,383 194,513 <b>49,570,516</b> 29,722,937 26,277 5,697,735
EQUITIES AND LIABILITIES  EQUITIES AND MARGINS  Memberships Patronage capital Other equities Total  LONG-TERM DEBT FFB mortgage notes less current maturities CFC mortgage notes less current maturities CoBank mortgage notes less current maturities Total  CURRENT LIABILITIES	\$ \$ \$	24,730 50,634,076 197,620 50,856,426 34,948,214 19,229 5,216,876 40,184,319	\$ \$	25,620 49,350,383 194,513 <b>49,570,516</b> 29,722,937 26,277 5,697,735 <b>35,446,949</b>
EQUITIES AND LIABILITIES  EQUITIES AND MARGINS  Memberships Patronage capital Other equities Total  LONG-TERM DEBT  FFB mortgage notes less current maturities CFC mortgage notes less current maturities CoBank mortgage notes less current maturities Total  CURRENT LIABILITIES Current maturities of long-term debt	\$ <b>\$</b>	2024 24,730 50,634,076 197,620 50,856,426 34,948,214 19,229 5,216,876 40,184,319 1,532,143	\$ <b>\$</b>	25,620 49,350,383 194,513 <b>49,570,516</b> 29,722,937 26,277 5,697,735 <b>35,446,949</b> 1,495,839
EQUITIES AND LIABILITIES  EQUITIES AND MARGINS  Memberships Patronage capital Other equities Total  LONG-TERM DEBT  FFB mortgage notes less current maturities CFC mortgage notes less current maturities CoBank mortgage notes less current maturities Total  CURRENT LIABILITIES Current maturities of long-term debt Accounts payable	\$ \$ \$	24,730 50,634,076 197,620 50,856,426 34,948,214 19,229 5,216,876 40,184,319	\$ \$	25,620 49,350,383 194,513 <b>49,570,516</b> 29,722,937 26,277 5,697,735 <b>35,446,949</b> 1,495,839 727,606
EQUITIES AND LIABILITIES  EQUITIES AND MARGINS Memberships Patronage capital Other equities Total  LONG-TERM DEBT FFB mortgage notes less current maturities CFC mortgage notes less current maturities CoBank mortgage notes less current maturities Total  CURRENT LIABILITIES Current maturities of long-term debt Accounts payable Accounts payable—purchased power	\$ \$ \$	24,730 50,634,076 197,620 50,856,426 34,948,214 19,229 5,216,876 40,184,319 1,532,143 695,470 1,378,249	\$ \$	25,620 49,350,383 194,513 <b>49,570,516</b> 29,722,937 26,277 5,697,735 <b>35,446,949</b> 1,495,839 727,606 1,204,171
EQUITIES AND LIABILITIES  EQUITIES AND MARGINS Memberships Patronage capital Other equities Total  LONG-TERM DEBT FFB mortgage notes less current maturities CFC mortgage notes less current maturities CoBank mortgage notes less current maturities Total  CURRENT LIABILITIES Current maturities of long-term debt Accounts payable Accounts payable—purchased power Consumer deposits	\$ \$ \$	2024 24,730 50,634,076 197,620 50,856,426 34,948,214 19,229 5,216,876 40,184,319 1,532,143 695,470 1,378,249 318,229	\$ \$	25,620 49,350,383 194,513 <b>49,570,516</b> 29,722,937 26,277 5,697,735 <b>35,446,949</b> 1,495,839 727,606 1,204,171 301,904
EQUITIES AND LIABILITIES  EQUITIES AND MARGINS Memberships Patronage capital Other equities Total  LONG-TERM DEBT FFB mortgage notes less current maturities CFC mortgage notes less current maturities CoBank mortgage notes less current maturities Total  CURRENT LIABILITIES Current maturities of long-term debt Accounts payable Accounts payable—purchased power	\$ \$ \$	24,730 50,634,076 197,620 50,856,426 34,948,214 19,229 5,216,876 40,184,319 1,532,143 695,470 1,378,249 318,229 415,115	\$ \$	25,620 49,350,383 194,513 <b>49,570,516</b> 29,722,937 26,277 5,697,735 <b>35,446,949</b> 1,495,839 727,606 1,204,171
EQUITIES AND LIABILITIES  EQUITIES AND MARGINS Memberships Patronage capital Other equities Total  LONG-TERM DEBT FFB mortgage notes less current maturities CFC mortgage notes less current maturities CoBank mortgage notes less current maturities Total  CURRENT LIABILITIES Current maturities of long-term debt Accounts payable Accounts payable—purchased power Consumer deposits Other current and accrued liabilities	\$ <b>\$</b> \$	24,730 50,634,076 197,620 50,856,426 34,948,214 19,229 5,216,876 40,184,319 1,532,143 695,470 1,378,249 318,229 415,115	\$ <b>\$</b> \$	2023 25,620 49,350,383 194,513 49,570,516 29,722,937 26,277 5,697,735 35,446,949 1,495,839 727,606 1,204,171 301,904 304,913
EQUITIES AND LIABILITIES  EQUITIES AND MARGINS Memberships Patronage capital Other equities Total  LONG-TERM DEBT FFB mortgage notes less current maturities CFC mortgage notes less current maturities CoBank mortgage notes less current maturities Total  CURRENT LIABILITIES Current maturities of long-term debt Accounts payable Accounts payable—purchased power Consumer deposits Other current and accrued liabilities Total	\$ \$ \$ \$ \$	24,730 50,634,076 197,620 50,856,426 34,948,214 19,229 5,216,876 40,184,319 1,532,143 695,470 1,378,249 318,229 415,115 4,339,206	\$ \$ \$ \$ \$ \$	2023  25,620 49,350,383 194,513 49,570,516  29,722,937 26,277 5,697,735 35,446,949  1,495,839 727,606 1,204,171 301,904 304,913 4,034,433

# Statement of Income and Patronage Capital

December 31, 2024 and 2023

	2024	2023
OPERATING REVENUES		
Residential	\$ 18,390,419	\$ 18,663,818
Irrigation	192,414	175,491
Commercial and industrial	12,395,536	12,002,564
Security lights	302,308	331,342
Rent from electric property and other electric revenue	73,143	66,650
Other	169,890	176,685
Total	\$31,523,710	\$31,416,550
OPERATING EXPENSES		
Purchased power	\$ 18,643,656	\$19,157,421
Distribution—operation	1,466,779	1,289,412
Distribution—maintenance	3,722,104	3,421,911
Consumer accounts	1,099,457	1,015,466
Selling expenses	77,595	73,114
Administrative and general	1,874,699	1,802,062
Depreciation and amortization	2,377,551	2,277,566
Other interest expense	14,329	203
Total Operating Expenses	\$29,276,170	\$29,073,155
OPERATING MARGINS—BEFORE		
FIXED CHARGES	\$ 2,247,540	\$ 2,343,395
FIXED CHARGES		
Interest on long-term debt	\$ 1,230,593	\$ 1,079,335
	\$ 1,230,593	\$ 1,079,335
OPERATING MARGINS—AFTER		
FIXED CHARGES	\$ 1,016,947	\$ 1,264,060
Capital credits—G&T	1,539,686	1,621,071
Capital credits	229,339	389,576
NET OPERATING MARGINS	\$ 2,785,972	\$ 3,274,707
NONOPERATING MARGINS		
Interest income	\$ 259,584	\$ 250,855
Gain on disposition of property	40,750	21,500
Other nonoperating income	6,542	(110,995)
	\$ 306,876	\$ 161,360
NET MARGINS	\$ 3,092,848	\$ 3,436,067
PATRONAGE CAPITAL—BEGINNING OF YEAR	49,350,383	47,724,031
TOTAL PATRONAGE CAPITAL RETIRED	(1,809,155)	(1,809,715)
PATRONAGE CAPITAL—END OF YEAR	\$50,634,076	\$49,350,383

# Secretary-Treasurer's Report

	2024	2023	CHANGE	% CHANGE
Revenue	\$31,523,711	\$31,416,548	\$107,163	0.34%
Margins	\$3,092,846	\$3,436,065	-\$343,219	-9.99%
Assets	\$96,541,446	\$89,623,769	\$6,917,677	7.72%
Kilowatt-Hour Sales	251,406,519	253,962,854	-2,556,335	-1.01%
Net Value of Plant	\$62,359,081	\$57,914,658	\$4,444,423	7.67%
Equity	54.67%	56.24%	-1.57%	-2.79%
<b>Retired Capital Credits</b>	\$1,809,153	\$1,809,715		



Clyde Stewart, Secretary-Treasurer San Patricio Electric Cooperative

# Independent **Auditor's Report**

To the Board of Directors San Patricio Electric Cooperative, Inc. Sinton Texas 77954

Report on the Financial Statements: We have audited the accompanying financial statements of San Patricio Electric Cooperative, Inc., which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income and patronage capital, cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of San Patricio Electric Cooperative, Inc. as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America. Basis for Opinion: We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of San Patricio Electric Cooperative, Inc. (the cooperative) and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements: Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the cooper ative's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements: Our

objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the ove of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they could influence the judgment made by a reasonable user based on the financial

In performing an audit in accordance with GAAS and Government

Auditing Standards, we:
• Exercise professional judgment and maintain professional skepticism throughout the audit.

 Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the inancial statements.

• Obtain an understanding of internal control relevant to the audit in order

to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the cooperative's internal control. Accordingly, no such opinion is expressed

 Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

• Conclude whether, in our judgment, there are conditions or events,

considered in the aggregate, that raise substantial doubt about the cooperative's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance

regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit. Report on Supplementary Information: Our audit was conducted for the

purpose of forming opinions on the financial statements as a whole. The schedules of electric plant, accumulated provision for depreciation, patronage capital, administrative and general expenses and four year comparative data are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the under lying accounting and other records used to prepare the financial state ments. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures. dures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a

Other Reporting Required by Governmental Auditing Standards: In accordance with Government Auditing Standards, we have also issued our report dated March 3, 2025, on our consideration of the cooperative's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other

The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the cooperative's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Govern ment Auditing Standards in considering the cooperative's internal control over financial reporting and compliance

Bolinger, Segars, Gilbert & Moss Certified Public Accountants Lubbock, Texas March 3, 2025

# Minutes of the Annual Membership Meeting of San Patricio Electric Cooperative

September 28, 2024

The Annual Member Meeting was held on September 28, 2024, at the Bee County Exposition Center, in Beeville, Texas. Those present were:

#### Members

205 attending the meeting in person 902 mail-in or electronic ballots were received

#### **Directors**

Tom Mayo, President Jim Bassett, Vice President Clyde Stewart, Secretary Daren Wilder Tryne Mengers Lea Ann Lockard

#### Others

Milton Lorenz, Attorney Ron Hughes, General Manager Brittany Williams, Public Relations Manager Employees

#### Absent

Bennie Vickers, Director

### Quorum

Mr. Mayo called the meeting to order at 9:30 a.m. Mr. Mayo declared a quorum was represented through member attendance and voting ballots. There were 7,985 members with a required quorum of 150. 205 members attended the meeting in person, and 902 members were represented at the meeting by mail-in or electronic ballot, which constituted a quorum.

### Invocation

The invocation was given by Director Daren Wilder.

# Pledge of Allegiance

The pledge of allegiance was led by Mark Gillitzer and Molly Gillitzer from Scout Troop 450.

# **Board Introduction and Special Guests**

Mr. Mayo welcomed the members to the meeting, recognized the exhibits, and introduced the Board of Directors.

Mr. Mayo introduced special guest Clif Lange with South Texas Electric Cooperative.

### Thank You

Mr. Mayo thanked Christus Spohn Health Services for conducting the health fair, Touchstone Energy for providing the hot air balloon and Aztec Chevrolet for bringing electric vehicles.

# Official Notice

Mr. Mayo stated the official notice was mailed to all members and announced the reading of the notice would be waived.

### Waive Reading of Minutes

Mr. Mayo announced the reading of the September 23, 2023 Annual Member Meeting minutes would be waived as the minutes were printed in the September issue of *Texas Co-op Power* magazine.

### Minutes Approved

Mr. Mayo requested a motion to approve the September 23, 2023 Annual Member Meeting minutes as mailed. A motion was made to approve the 2023 Annual Member Meeting minutes. The motion passed.

# President/Manager/Secretary Reports

Mr. Mayo reported the President, Secretary and Manager reports were published in *Texas Co-op Power* magazine.

# Youth Tour Presentation

 $\mbox{Mr.}$  Mayo introduced SPEC's 2024 Youth Tour delegate, Jannessa Healy.

Ms. Healy gave a presentation about her experience on the trip to Washington, D.C., and thanked the membership for supporting the Youth Tour program.

#### STEC Presentation

Mr. Mayo introduced Clif Lange, South Texas Electric Cooperative's General Manager.

Mr. Lange explained that STEC provides SPEC's transmission and generation service. He gave a presentation providing SPEC's membership with an overview of STEC, its involvement in the Electric Reliability Council of Texas market and the challenges facing the energy industry.

# **General Manager Addresses Members**

Mr. Hughes then addressed the members.

Mr. Hughes began by thanking the membership for their attendance. He thanked Touchstone Energy for providing the hot air balloon and Aztec Chevrolet for bringing electric vehicles to the meeting. He thanked Mrs. Williams for her work putting together the annual meeting.

Next, Mr. Hughes gave members an update on broadband. He explained that based on member interest in broadband, the co-op conducted a feasibility study to determine if it would be possible for SPEC to bring broadband internet to its members at an affordable price. Mr. Hughes said the results of that study showed that it would not be financially feasible for the co-op to enter into the broadband business without receiving at least 60% of the funding needed from grants. While there is grant funding available, the co-op would need to commit to the project without any guarantee that any grant funding would come though. And there are other internet companies competing for the same funding. Because the high cost of the buildout could fall entirely on the co-op's membership, it was determined that entering the broadband business would be too risky.

Mr. Hughes then spoke about outages members experienced in its Bee Prison Sub. He explained that there was a bad lightning storm in the area that did a lot of damage and it took a while to find what was causing so many outages in the area. A contract crew has been going pole to pole down the line and replacing anything that looks faulty. Ultimately, it was discovered that there was a fault at the Bee Prison, which was causing SPEC's breaker to open up.

Mr. Hughes then spoke about the effects of inflation on the cooperative. He explained that prices for equipment and material have escalated. A transformer is now 98% more expensive than it was a

SEE **ANNUAL MEETING MINUTES** ON PAGE 22

few years ago. And the cost to build a mile of line is now double what it was. He said the co-op has not increased its rates since 2006 and has done a good job managing that. However, due to these added expenses, the co-op will need to consider a rate increase.

Mr. Hughes reported that the co-op expects to retire capital credits again this year. SPEC is currently projecting the retirement of \$1.8 million in capital credits.

Finally, Mr. Hughes announced that this would be his last annual meeting as general manager. He explained that he intends to retire in August 2025, after 49 years working for the co-op. He expressed his gratitude to the board and members.

Mr. Hughes then addressed questions asked by the members. One member explained that he has experienced a number of power outages and that one ruined his AC compressor. He gave Mr. Hughes his approximate location and some of the outage dates. Mr. Hughes said that at least some of those outages would be tied to the issues at the Bee Prison substation, which he previously mentioned. The issues on that line have been resolved. He explained that ultimately, that damage was caused by lightning, an act of God. The co-op can't be held responsible for an act of God.

Another member commented on the outage in George West on September 12. She thanked the co-op for its efforts to bring in a mobile substation and restore power. Mr. Hughes explained that it was a worst-case scenario situation to have a substation transformer go bad. He commended STEC's linemen and STEC for the quick response.

Another member commented that he'd received a letter from SPEC two years prior about updating infrastructure. Then a year later, he was contacted by a third party out of Austin asking for an easement. He asked if this was customary. Mr. Hughes responded that it is normal, but perhaps the co-op needs to do a better job communicating about its work-plan projects, especially when they take a while. He explained that some of the co-op's original lines don't have easements. As a practice, the co-op uses a third party to get easements when there is not one on file. These contractors should have identification verifying that they are conducting work on behalf of SPEC.

Another member expressed her gratitude for great service. She's been a member since 1980.

The final question was about wind turbines. A member was concerned about blinking lights on wind turbines, and wanted to know if there was anything the co-op could do about it. Mr. Hughes commented that the wind turbines don't belong to the co-op, and there was nothing he was aware of to eliminate the blinking lights.

### **Employees**

Mr. Mayo introduced the employees to the membership. Mr. Mayo thanked the employees for their dedication to the cooperative. He explained that the employees hold an excellent safety record, having worked over a million hours without a lost-time accident. He announced that, Lord willing, the employees would reach 17 years without a lost-time accident in November.

Mr. Mayo asked for a moment of silence for an employee who passed away. Wade Honeycutt served as SPEC's meter technician for the last 10 years. He lost his battle with cancer in July 2024.

# **SPEC Guatemala Trip Presentation**

Mr. Hughes explained that SPEC sent two of its linemen to Guate-mala in November on a mission to bring power to a remote village for the very first time. Members were asked to watch a video of SPEC Linemen, Wade Bounds and Jesse Rivera, sharing their experience on the trip.

# Nominating Committee and Credentials and Election Committee

Mr. Lorenz introduced the 2024 Nominating Committee and the 2024 Credentials & Election Committee. He thanked them for their work.

#### **Election Results**

Mr. Lorenz reviewed the nominating and voting procedures. He reported the Nominating Committee selected the following nominees for the election of directorship: Gary Jones and Dodson Sullivan Jr. for District 1; Clyde Stewart for District 5; and Jack Bishop, Lea Ann Lockard and Michele McGee for Director-at-Large.

Mr. Lorenz presented a certification from the Credentials and Election Committee certifying the ballot count for the elected directors.

# District 1 (three-year term)

- ▶ Gary Jones received 523 votes.
- Dodson Sullivan Jr. received 330 votes.

### District 5 (three-year term)

▶ Clyde Stewart received 788 votes.

### Director-at-Large (three-year term)

- Jack Bishop Jr. received 330 votes.
- ▶ Lea Ann Lockard received 325 votes.
- ▶ Michele McGee received 211 votes.

Mr. Lorenz announced, based on the Credentials and Election Committee's ballot certification the elected directors were Gary Jones, District 1; Clyde Stewart, District 5; and Jack Bishop, Director-at-Large.

There were a total of 8,006 eligible voters.

Out of 902 ballots received, 620 were paper ballots and 282 were online ballots. That equates to 11.27% participation from eligible voters.

# Adjourn

Mr. Mayo thanked the members for attending SPEC's Annual Meeting. The meeting was adjourned at 11:03 a.m.

*Tom Mayo* Tom Mayo, President Clyde Stewart
Clyde Stewart, Secretary-Treasurer



Braxley Brezina Blinn College



Teagan Collins Texas State Technical College



Swayd Dockens Texas A&M University



Charles Ellis Texas A&M University



**Chloe Franco** University of the Incarnate Word



Taten Kopplin Blinn College



**Liliana Martinez** Texas A&M Kingsville



**Logan Ohler** Baylor University



**Maegan Retzloff** Del Mar College



Audrey Velasquez Texas A&M Corpus Christi

# **Congratulations to SPEC Scholarship Recipients**

**EACH YEAR**, San Patricio Electric Cooperative awards outstanding graduating high school seniors within our service area with a scholarship. This year SPEC has awarded \$100,000 in scholarships to 10 students. Each student will receive a \$10,000 scholarship that will be divided evenly among their first four semesters of college, provided they meet the standards established for the scholarship program.

Each semester, the student must submit records showing that they have completed a full-time course load (12 hours or more), are enrolled as a full-time student for the upcoming semester, and have maintained a GPA of 2.5 or greater.

This scholarship is just one of the many ways we express our commitment to our members. We are proud to have the opportunity to help these deserving students pursue their dreams. Congratulations to our 2025 scholarship recipients! We wish you the best of luck in all your endeavors.

# San Patricio Electric Cooperative

Your Touchstone Energy\* Cooperative

# **CONTACT US**

402 E. Sinton St., Sinton, TX 78387 P.O. Drawer 400, Sinton, TX 78387 **Local** (361) 364-2220 **Toll-Free** 1-888-740-2220 **Web** sanpatricioelectric.org

General Manager Ron Hughes

#### **Board of Directors**

Gary Jones, District 1, Beeville Tom Mayo, District 2, Taft Tryne Mengers, District 3, Tynan Daren Wilder, District 4, Mathis Clyde Stewart, District 5, Sinton Jim Bassett, District 6, George West Jack Bishop Jr., At Large, Sinton

24/7

# Outage Hotline Numbers

For information and to report outages, please call us.

LOCAL (361) 364-2220

TOLL-FREE 1-888-740-2220

# ABOUT SAN PATRICIO EC

SPEC owns and maintains nearly 3,200 miles of line to provide electric service to more than 8,000 members in Aransas, Bee, Goliad, Jim Wells, Live Oak, McMullen, Nueces, Refugio and San Patricio counties.

### **COOPERATIVE SERVICES**

- Online bill payment
- Convenient payment locations and methods, including credit card and bank draft
- Levelized billing plan available using a monthly
- Complimentary Home Efficiency Checkups and energy saving advice
- Backup generators available for purchase
- Convenient scheduling options for construction or connection
- Certified electrician services available (outside facility only)

### **VISIT US ONLINE**

sanpatricioelectric.org



Check us out at TexasCoopPower.com/sanp