

2020 NEC Annual Report

Save the date! October 14

NEC Virtual 82nd Annual Membership Meeting!

Visit www.nueceselectric.org on October 14!

Your Registration Card

Register by October 12!

**We're giving away \$50,000
in Prizes!**

\$30,000 in electric bill credits!
\$20,000 in door prizes!

3 Ways to Register

1. In person, October 7, 12pm - 6pm at NEC headquarters, 14353 Cooperative Ave, Robstown Texas, 78380 (bring this registration card)
2. Mail this registration card to the same address above or drop off at any NEC location
3. Register online at www.NuecesElectric.org October 1

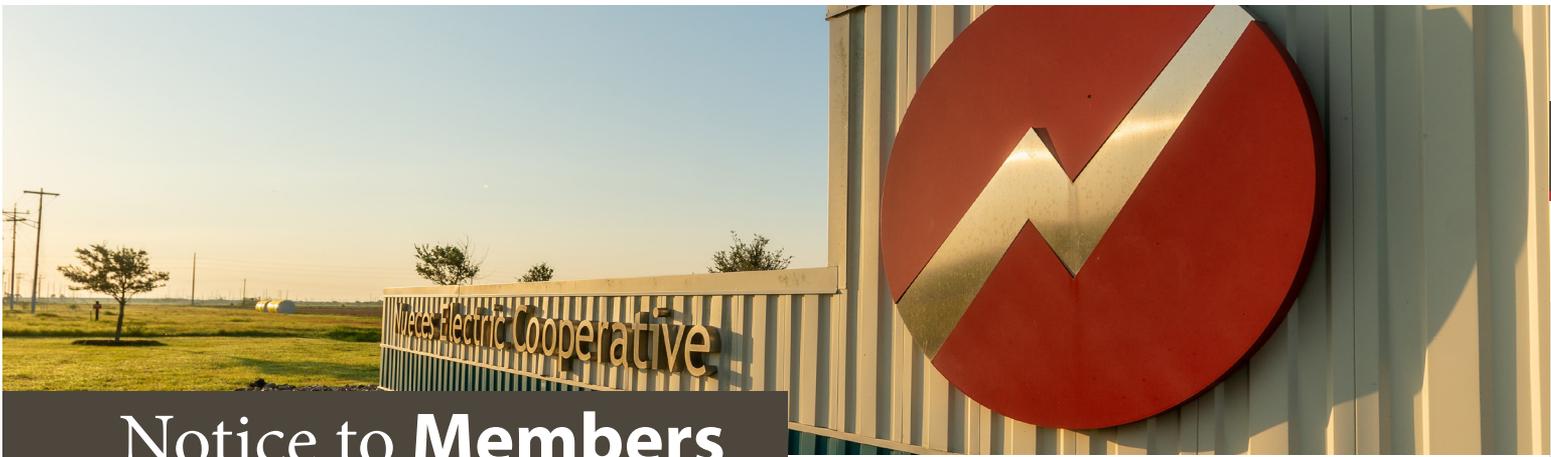
The first 3,000 to register will get a \$10 electric bill credit!



Do you accept the 2020 Annual Meeting Minutes and financial report as presented on page 23 and 25?

Yes

No



Notice to Members

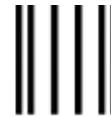
September 15, 2021

Dear Nueces Electric Cooperative Member,

This is your official notice that the 2021 Virtual Annual Meeting of Nueces Electric Cooperative will be available on Thursday, October 14, 2021, on www.nueceselectric.org for the purpose of electing directors, presentation of reports covering the 2020 fiscal year, and transaction of other business. Notice is further given that two directors (one from District 3, and 7) are to be elected at the Annual Meeting. Each Director will serve a term of (3) three years. This information is provided to you pursuant to the NEC Bylaws: Article I- §1; Article III- §1, 3, 4, 5, 6, 7; Article IV -§2, 3, 5. A full copy of the NEC Bylaws is available online at www.nueceselectric.org under Transparency & Your Cooperative or a copy may be obtained by contacting NEC at 14353 Cooperative Ave, Robstown, TX 78380 or by phone at 1-800-632-9288.

Sincerely,

David Rosse
Secretary-Treasurer



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14353 COOPERATIVE AVE
ROBSTOWN TX 78380-4600





President Message



Brian Menking

The past two years have been historic for our great state of Texas, our local communities, and for NEC. The COVID-19 pandemic, Hurricane Hanna, Winter Storm Uri, and similar events have reinforced our priorities, our understanding of reliability, and most of all, our expectations for what comes next. As a member-focused electric cooperative, our mission is to tackle these challenges head-on while providing reliable and cost-effective electric service to our 34,031 members.

I'm proud of the strength members and employees demonstrated as they faced these events. Through each challenge, our teamwork, skills, and cooperative spirit were tested and ultimately grew stronger. I think I can speak for all of us when I say we are ready to look to a brighter future.

With that, I'm pleased to share our plans for this year's 82nd Annual Membership Meeting. After carefully considering the COVID-19 situation and the safety of our members, your Board of Directors will hold our second virtual Annual Membership Meeting on October 14th, which will be available on our website and YouTube!

As we continue to adapt to new challenges and create innovative solutions to meet member expectations, I want to reflect on our 2020 accomplishments.

COVID-19 Impacts NEC

Last year, NEC along with millions across the world experienced the impacts of COVID-19. On March 23, 2020, NEC lobbies closed to the public, while our headquarters and Ben Bolt drive-throughs remained opened. During this time, more than 50% of NEC employees began working from home. NEC leadership's top priority is ensuring the safety of employees while providing uninterrupted, reliable service. I'm happy to report while following recommended COVID-19 safety practices, your NEC Member Services team took more than 84,085 phone calls, completed 12,606 service orders, and 11,763 enrollments.

On March 26, 2020, the Public Utility Commission of Texas created the COVID-19 Electricity Relief Program. NEC had already considered the suspension of disconnections for non-payment with the offer of deferred payment plans for our members, and this program further supported this action. Despite the support this program provided for many Texans, the pandemic continued to cause financial hardships for NEC members. In July 2020, NEC introduced the Pandemic Relief Fund. With special permission from the Texas Comptroller, unclaimed capital credits helped more than 200 NEC and NEC Co-op Energy members pay current or past-due electric bills. Another 70 NEC Co-op Energy members received assistance paying their electric bills through the Member to Member Assistance program.

As we implemented new and innovative ways to support our members through the pandemic, safety remained our priority. Last year we held 49 weekly operations safety meetings and eight safety training days. As of this report, NEC employees have driven 1,278,959 miles without a vehicle accident and have worked 216,978 hours without loss time.

With COVID-19 and the safety of NEC members and employees in mind, last Fall we celebrated our 81st annual meeting in ways never done. On October 8, 2020, NEC hosted its first virtual annual meeting. A virtual annual meeting allowed us to reach a wider audience than ever before. Five thousand members attended our 81st virtual annual meeting, more than double our average annual meeting attendance, all from the comfort and safety of their homes.

Leveraging Technology to Serve Our Members

NEC continues to monitor threats and improve our emergency response plans. To do this, we review our systems for best practices for security, reliability, and protection. Last year, we strengthened our information technology systems to address future technology needs and existing and potential threats. Our IT department enhanced its planning with a Strategic Technology Plan to develop and protect NEC's technology for the next three years.

While we're planning for the future of our technology, many of our member's own technical challenges were brought to our attention. COVID-19 forced many schools

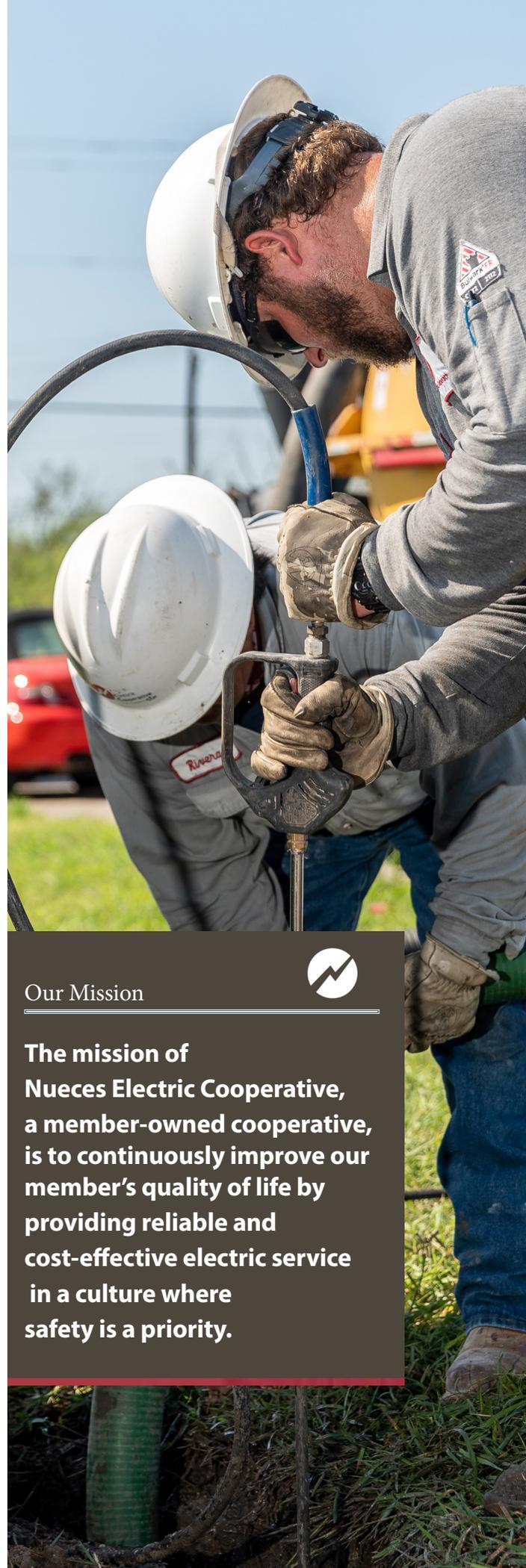
to switch to online or hybrid learning. Also, many small and large businesses were forced to close their offices, sending many employees home to work. This combination of going to school and working from home led to increased energy usage across our service territory. This increased usage resulted in broadband access issues, not just in our service territory, but across many parts of rural America.

NEC's mission is to continuously improve our member's quality of life. True to this mission, when members shared their broadband access issues with us, we looked for solutions. At the end of 2020, NEC began a broadband feasibility study to look at the technical, financial, legal, and other considerations to see how successful offering broadband could be. We launched our broadband survey in this past September to help with this review. We encourage all of our rural members to take this survey on our website. We're taking a close look at the results and will decide how best to move forward. We'll keep you updated once a decision is made.

Creating a Brighter Tomorrow

NEC has empowered communities for the past 82-years, and each year makes us stronger than the last. 2020 brought unprecedented challenges to our members. We were with you through COVID-19, through Hurricane Hanna, and recently through the February 2021 winter storm. While we hope these challenges never happen again, we also believe that in the darkest of times, the cooperative spirit shines brightest. Whatever challenges the cooperative may face, you can count on us to power through. With the support of NEC's talented team of employees, local community, and most importantly, with your loyalty, we're confident that the co-op future remains bright.

On behalf of the Board and employees of NEC, we extend our thanks for your support and our heartfelt wishes for your family's health and safety. We'll miss seeing you at our 2021 annual membership meeting but hope to see you in person very soon.



Our Mission

The mission of Nueces Electric Cooperative, a member-owned cooperative, is to continuously improve our member's quality of life by providing reliable and cost-effective electric service in a culture where safety is a priority.



CEO Message



Varzavand Irani

Committed to Powering You

No matter what challenges NEC faces, we commit to provide you with reliable and affordable electric service. In 2020, 78 employees navigated the COVID-19 pandemic, working 143,493 hours to maintain more than 3,600 miles of power line and serve your electric service needs.

In addition to the pandemic, we also faced and overcame severe weather challenges. Hurricane Hanna, making landfall on July 25th, was the first of six Atlantic hurricanes to make landfall in the United States last year. In July 2020, NEC responded to 240 trouble calls, fixed 29 broken poles, and restored power to 11,362 members. While we are grateful that Hurricane Hanna was only a category 1 hurricane, NEC continues to monitor threats and improve our emergency response plans for any crisis.

Relative to others, NEC fared extremely well during Winter Storm Uri in February of 2021. This storm brought unprecedented power interruptions to much of the country with particular challenges for Texas as the rapid loss of available generation resources created a critical situation for the grid and all Texans. Across Texas, consumers struggled with extended power outages, as the State worked to balance the demand and supply and avoid a complete grid collapse. NEC was one of only a few utilities in Texas able to actually rotate outages, though those outages were as long as 12 hours for some members. NEC employees worked tirelessly during Uri with South Texas Electric Cooperative (STEC), NEC's generation and transmission cooperative and partner. STEC performed exceptionally well, keeping its generation resources available for the Texas electric grid and keeping our NEC members from incurring exorbitant prices for market electricity.

Supporting Local

As COVID-19 impacted South Texas, supporting our local community became more important than ever. One of the ways we helped support local was through our charity organization, Nueces Electric Charities, Inc. By rounding up your electric bills to the next dollar through Operation Round-Up, a record \$143,000 was awarded to 26 local nonprofits. HALO-Flight, Driscoll Children's Hospital, Children's Advocacy Center of the Coastal Bend, and Mission of Mercy, are just a few of the life-changing organizations Nueces Electric Charities, Inc. was proud to support through last year's grant awards.

It's not just NEC's members who helped support local needs. Last November, NEC employees purchased a Thanksgiving meal for Ronald McDonald House of Corpus Christi, and the holiday giving didn't stop there. NEC employees donated brand new, unwrapped gifts to the children and families of the Ronald McDonald House of Corpus Christi last Christmas.

In addition to our partnership with the Ronald McDonald House of Corpus Christi, we partnered with the Coastal Bend Food Bank for an NEC Food Drive. Last Fall, NEC employees and members from all over our service territory donated canned goods, dry fruit, and other non-perishables. We also partnered with Driscoll Children's Hospital and donated children's books as part of NEC's Holiday Book Drive. These holiday food and book drives are just a few examples of how the cooperative spirit remains strong even in the most difficult of times.

NEC awarded \$29,000 in scholarships to 9 member high school students in 2020 and we are proud to continue these programs for the current school year.

Despite the pandemic temporarily closing many local businesses, on November 7, 2020, we gave away more than 600 trees to NEC members in celebration of Arbor Day. A unique opportunity to meet with our members in a safe and COVID-19 sensitive way, NEC members received 2-year seedlings, delivered straight to their cars, to help support the environment.

To end the year with the holiday spirit, NEC awarded \$3,000 in electric bill credits through our Deck the House Holiday Decorating Contest. NEC members submitted their decked-out houses for voting and 15 houses were selected as winners on our website and Facebook. Just another way we lighted our community last holiday season.

Financial Strength

Despite the economic effects of COVID-19, NEC remains financially stable. As member-owners of NEC, the money you spend on your monthly electric bills is used solely for the purpose of running the co-op, left over funds are returned. In 2020, NEC received \$90 million in operating revenues. 69% of these revenues, nearly \$63 million, was used to purchase 982,643,805 kWh of power for NEC Co-op Energy members. The cost of purchasing power was down 2.4% over last year, allowing us to save even more. As a non-profit, the power we purchase to light your homes and businesses, is sold back to you at cost, with no hidden charges or fees.

Your NEC board of directors, and management's goal is to run the co-op as efficiently as possible, keep our rates affordable, and return as many funds as we can. Last year NEC retired \$448,000 in capital credits to power line members, \$3.5 million in power perks and \$2.5 million in capital credits to NEC Co-op Energy members for a total of \$6.4 million returned to our members. The ability to retire capital credits and NEC Co-op Energy power perks is a sign of financial health for NEC, and one of the many benefits of being a cooperative member.

NEC's Board of Directors is currently distributing \$1,513,495 in early capital credit retirements to 2012 NEC Co-op Energy members on NEC power lines. This decision gives these members capital credits 11 years early!

NEC Co-op Energy

A division of Nueces Electric Cooperative, NEC Co-op Energy is the top trusted Retail Electric Provider in Texas for two years running. Last year, NEC Co-op Energy scored a 94 out of 100 on the American Customer Satisfaction Index, received zero PUCT complaints, and was the Corpus Christi Caller Times Best of the Best #1 Electricity Provider for eight-years straight!

These awards aren't just for show. In 2020, NEC Co-op Energy sponsored the KRIS 6 News "We're Open" campaign. Aimed at supporting local businesses impacted by COVID-19, the campaign highlighted small businesses that remained open during the pandemic.

As a community-focused retail electric provider, our goal is to help small businesses and our members thrive. Through the support of 507 NEC Co-op Energy members, more than \$7,105 was donated to area agencies in 2020 to help members pay their electric bills.

Our community efforts and relationship with members earned us the top net promoter score among our competition. With a 4.19% increase in accounts last year, we look forward to continued growth and prosperity in the years ahead. Thank you for being an NEC Co-op Energy member and helping support local!

Thank You For Supporting NEC

It's been my greatest honor to serve as your CEO and lead NEC through these challenging times. Thank you for supporting NEC and our mission of bringing you reliable, and cost-effective electric service. I look forward to achieving continued success and prosperity.





2020 by the Numbers

Renewable

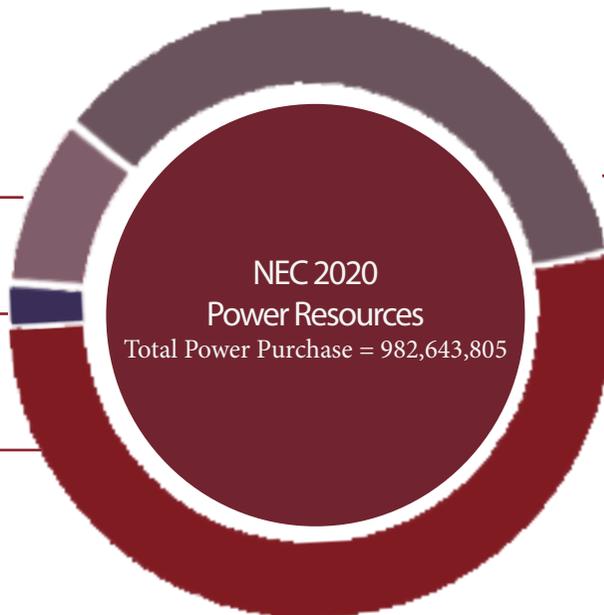
7.2%

Nuclear

5.5%

Natural Gas

56.3%



Coal/Lignite

30.7%

Diverse Portfolio, Stable Rates

Our diverse energy portfolio, managed responsibly by our partners at South Texas Electric Cooperatives (STEC), helped NEC Co-op Energy rates remain stable through the February 2021 winter storm crisis



34,031

Members



6

Facilities



Total Employees: 82

Executive: 5

Business Office: 19

Operations: 28

IT / Metering: 9

Engineering: 8

Compliance: 5

Retail: 6

Facilities: 2



51,061

Accounts



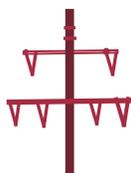
85,341

Poles



24,697

Transformers



3,619

Miles of Line



Total Power Sold kWh

2018

1,243,013,774

2019

1,323,253,058

2020

982,643,805



741,745

Annual Miles Driven

Treasurer's Report

View full audited report at NuecesElectric.org

Balance Sheet

Assets: What We Own

Net Utility Plant	\$118,167,137
Cash in Bank	\$8,091,592
Investments	\$75,621,884
Accounts Receivables	\$3,145,402
Materials and Supplies	\$1,915,598
Prepayments	\$382,365
Other Current & Accrued Assets	\$2,513,871
Deferred Charges and Other Assets	\$634,178
TOTAL ASSETS	\$210,472,027

Liabilities: What We Owe

Membership Fees & Consumer Deposits ..	\$2,641,480
Long-Term Debt	\$70,820,645
Current and Accrued Liabilities	\$12,985,600
Patronage Capital and Equities	\$114,443,253
Deferred Credits	\$9,581,049
TOTAL LIABILITIES	\$210,472,027

Operating Statistics

Revenues: What We Took In

Operating Revenue	\$90,394,185
Nonoperating Revenue	\$2,671,599
Associated Cooperative Capital Credits	\$3,611,131
TOTAL REVENUES	\$96,676,915

Expenses: What We Paid Out

Purchased Power	\$62,618,932
Operations and Maintenance	\$5,185,656
Consumers Account Expenses	\$4,746,543
Administrative and General Expenses	\$6,000,910
Depreciation	\$4,360,429
Interest	\$3,320,379
Tax Expense	\$1,261,375
Other Deductions	\$89,252
Nonoperating Expenses	\$90,165
TOTAL EXPENSES	\$87,673,641

Margins: What We Had Left

Operating Margins	\$2,810,709
Nonoperating Margins	\$6,192,565
TOTAL MARGINS	\$9,003,274

How Your Dollar Was Spent in 2020





2021 Election Results

Last year you were presented an opportunity to vote on a change to NEC's Articles of Incorporation. This change would allow us to not hold an election when districts have only one candidate.

When you approved this change, the Board then amended the Bylaws to add Article III, Section 6, Uncontested Election, which states -

"In accordance with Robert's Rules of Order, Section 46, (11th edition), as amended, in the event only one person is nominated for a position, then the meeting chair may declare that the nominee is elected by unanimous consent or acclamation."

This year's election is uncontested - a perfect opportunity to save our members money and time. With this, we will not hold a 2021 director election.

2021 Director Candidates



David Rosse

District 3

David Rosse grew up as a member of an NEC family. He, himself, has been a member of NEC for 33 years. His grandfather was an NEC director for 32 years. Mr. Rosse was elected as an NEC director in 1988 and has served as director ever since. As an NEC director, Mr. Rosse currently serves as secretary-treasurer for NEC and as director for San Miguel Electric Cooperative - one of NEC's power suppliers. He also served for three years as director of Nueces Charities, which guides and manages the funds raised through Nueces Electric Cooperative's Operation Round-Up program. Mr. Rosse is the Kleberg County Commissioner for Precinct 1. Mr. Rosse believes that the most important role NEC directors have is to ensure affordable, reliable energy to our membership and to represent the membership in the decision making processes of the Co-op. Mr. Rosse believes that he qualifies for service as an NEC director because of his credentialed Electric Cooperative Director training, as well as his Board Leadership Certification and his experience serving NEC members as a director that helps him understand how the process works and his willingness to listen to all ideas and concerns that will help the co-op grow. Mr. Rosse resides in Kingsville and is the father of five children - Oscar David, Charles William (wife, Sarah), Maranie May, Morgan Marie, and April Nicole - and the grandfather of four - Mason, Landon, Maysie, and Isabel.



Johnny Alvarado

District 7

Juan Alvarado is a life-time member of NEC. He became a NEC director in 2003. Currently, Mr. Alvarado serves as chairperson of the NEC audit and annual meeting planning committees. Mr. Alvarado has served three years on the Nueces Charities Board of Directors that guides and manages the funds raised through Nueces Electric Cooperative's Operation Round-Up program. Mr. Alvarado is active in the community as a eucharistic minister and bingo chairman of his church (Our Lady of Consolation), he is a member of the Knights of Columbus, and a member of the Historical Society of Texas A&M Kingsville and the Riviera Beautification Committee. Mr. Alvarado believes the most important role of an NEC director is to do what is best for the cooperative and its members. Mr. Alvarado has completed all courses required to be a Certified Electric Cooperative Director and feels this is an important qualification for a NEC director. He also believes his membership in the Rural Friends/Acre program, past electrical coursework at Austin Community College and his five years of experience as an NEC director are valuable qualifications as well. Mr. Alvarado currently is a rancher in Riviera where he resides with his wife, Edna. They are the parents of six children - Maria Berry, Ada Eskeets, Johnny Alvarado, Jr., Anita Jefferson, Delfino Alvarado and Edna Mae Larson - and have eleven grandchildren.



2020 Annual Meeting Minutes

October 8, 2020

The 81st virtual annual meeting was pre-recorded and made available on our website on Thursday, October 08, 2020. Upon determining that a quorum was present, the meeting was called to order by President Brian Menking.

Marisol Guzman from Robstown ISD led the audience in the National Anthem and Board President Brian Menking led the audience in the Pledge of Allegiance. Pastor Scott Herbert, Messiah Lutheran Church, delivered the invocation

Recognition of Board Members and CEO, Community Involvement Committee and NEC Employees

President Menking introduced the Cooperative's Board of Directors and CEO, members of the Community Involvement Committee and NEC employees who work year-round for the members of Nueces Electric Cooperative.

Recognition of Youth Tour Delegates & Ramiro De La Paz Memorial Fund and John L. Sims Memorial Scholarship Winners

District #1 Director, Dr. Rumaldo Juarez introduced the 2020 Youth Tour Delegates and 2020 Ramiro De La Paz Memorial Fund & John L. Sims Memorial Scholarship winners.

Reading of Notice of Meeting & Proof of Mailing of Notice

President Menking read the "Proof of

Mailing of the Notice of the Annual Meeting." After the reading, the document was submitted to Executive Secretary, Liane Padilla for attachment to the official minutes of the meeting.

Minutes of 2019 Annual Meeting

President Menking stated that the minutes of the 2019 annual meeting had been provided in the October 2020 issue of the Texas Co-op Power Magazine and the Annual Report booklet. Upon calling for corrections or additions to the minutes, a motion was made, seconded and duly carried that the minutes of the 2019 Annual Membership Meeting be adopted as published.

Treasurer's Report

President Menking stated the Treasurer's Report had been provided in the October 2020 issue of the Texas Co-op Power Magazine and the Annual Report booklet. A motion was made, seconded, and duly carried to approve the report as printed.

President & CEO Reports

A video of staff and Board President Brian Menking was shown to our membership in attendance.

Member Voting

Survey and Ballot Systems (SBS) supervised the collection and counting of the ballots. Upon completion of the counting of the ballots, the following results certified by Melissa Fiala, a representative of SBS, and Board Secretary/Treasurer David Rosse announced the results:

District 1 Director:
Dr. Rumaldo Juarez 4,430 Votes

District 2 Director:
Gregg Truesdale 4,349 Votes

District 4 Director:
Donald Wayne Herrmann 4,382 Votes

It was declared that those elected as Directors for Districts 1, 2 and 4 are: Dr. Rumaldo Juarez District #1; Gregg Truesdale District #2; Donald Wayne Herrmann District #4, all for three-year terms.

NEC members also voted on an Amendment to Article IX of the NEC Articles of Incorporation. 4,430 members voted for and 170 members voted against.

NEC Co-op Energy Member Referral Program Winners and Prize Drawings

Chief Retail Officer Frank Wilson announced the NEC Co-op Energy Referral Program winners. NEC Co-op Energy member Hogan Building Co. No. 1 LLC received a \$500 electric bill credit for first place and Cynthia Tobar received a \$250 electric bill credit for runner up. Prize drawings were drawn by our election manager.

Adjournment

There being no further business, the meeting was adjourned.

2021 Board Directors



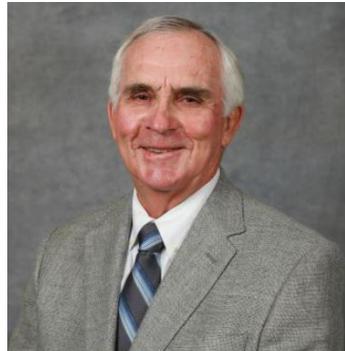
Brian Menking President
District 6



Gregg Truesdale
District 2



Bill Hartman Vice President
District 5



Donald Wayne Herrmann
District 4



David Rosse Secretary Treasurer
District 3



Johnny Alvarado
District 7



Dr. Rumaldo Juarez
District 1



Gladys Lippincott
District 8

Your Generosity Changes Lives

Your board of directors want to thank all members donating to Nueces Electric Charities, Inc.

By rounding your electric bills to the next dollar, more than \$140,000 was awarded to local non-profits last year!

Here are the organizations you helped support:

- Driscoll Children's Hospital
- Youth Odyssey, Inc.
- United Way of the Coastal Bend
- Corpus Christi Education Foundation
- Corpus Christi Metro Ministries
- A Source of Hope, Kleberg County Pregnancy Resource Center
- Children's Advocacy Center of the Coastal Bend
- Mission of Mercy
- Texas A & M University-Corpus Christi Foundation Inc
- South Texas Lighthouse for the Blind
- Communities In Schools of the Coastal Bend
- New Life Refuge Ministries
- Agape Ranch
- Pregnancy Center of the Coastal Bend
- Corpus Christi Hope House Inc.
- YMCA of the Coastal Bend
- Texas A&M University-Kingsville Foundation
- Presbyterian Pan American School
- Educational Service Center Region 2
- Calallen Education Foundation
- South Texas Botanical Gardens & Nature Center
- The Mosaic Project of South Texas



Nueces Electric Cooperative
 A Touchstone Energy® Cooperative

2020 Annual Report