



Central Valley Electric Cooperative, Inc.



ANNUAL

REPORT

The Value of **MEMBERSHIP**

Service is our mission. Central Valley Electric is a member-focused electric cooperative dedicated to personalized quality service for its members and the economic vitality of our community.

You are a member, not a customer. Cooperatives are businesses owned by members. Members elect the co-op board of trustees and can run for seats on the board. Your vote and participation matter and helps steer the direction of the co-op.

We are not for profit. Unlike investor-owned utilities, which operate to make a profit for stakeholders, Central Valley Electric does not earn profits. Instead, any revenue that exceeds operating expenses is returned to members in the form of capital credits (capital credits are returned on a first-in, first-out basis) as co-op finances permit.

We are community-focused. CVE is committed to our communities by donating our time and resources to various events and organizations, youth activities, delivering Meals on Wheels, and much more.

We are guided by a set of principles. All co-ops are guided by Seven Cooperative Principles: (1) Voluntary and Open Membership; (2) Democratic Member Control; (3) Members' Economic Participation; (4) Autonomy and Independence; (5) Education, Training, and Information; (6) Cooperation Among Cooperatives; and (7) Concern for Community.

We are committed to innovation. Central Valley Electric can respond quickly to changing member needs. We are committed to providing co-op members and employees with state-of-the-art tools and programs to help serve you better.



CVE at a Glance



JUNE 23
1937

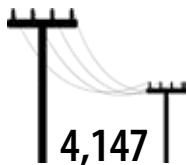
Date
Incorporated



14,945
Meters Served



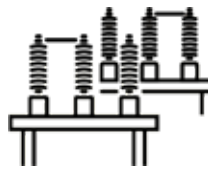
4,395
CVE Members



4,147
Miles of Energized Lines



85
Full-Time Employees



32 Substations



60+ Vehicles



\$46.7M
Wholesale Cost of Power



\$2.8M
Capital Credits
Returned in 2023

Wholesale Power Provider



www.CVECOOP.org



101 Scholarships
Awarded



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Central Valley Electric
Cooperative, Inc.



Notice of Annual Meeting

To the Members of Central Valley Electric Cooperative:

Notice is hereby given that the Drive-Thru Annual Meeting of the members of Central Valley Electric Cooperative, Inc. will be held on **Saturday, March 16, 2024**, from 9:00 a.m. to 12:00 p.m. (noon).

The Drive-Thru meeting will be in the Bulldog Bowl Parking lot (Bulldog Blvd, Artesia). Members will drive thru to register and get a ballot. You will then park and fill out your ballot and vote on important business of the co-op. Once your ballot is complete, you will proceed to one of the exits and drop off your ballot.

Action will be taken on the following items of business:

- Any reports covering the year 2023
- Minutes from the 2022 Annual Meeting
- Election of two (2) members to the Board of Trustees

The nominating committee, appointed by the Board of Trustees, presents the following candidates for election to the board of trustees for one 3-year term.

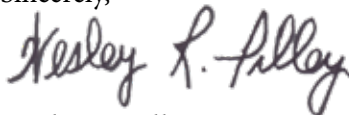
District 3 - Cottonwood/Lake Arthur: Steve Spence (incumbent)

District 6 - North of Roswell: Chuck Wagner (incumbent)

Any person voting for a company or a corporation at a membership meeting of CVE must be an officer of that company or corporation or be authorized in writing by an officer to vote. No person authorized in writing to represent a corporate membership will be allowed to register and vote for more than one membership. In the case of an individual (non-corporate) membership, proxy voting is not allowed. Only the husband or wife may register and vote for the individual membership.

In witness whereof, this notice has been issued by the Secretary/Treasurer of Central Valley Electric Cooperative, Inc., dated this 6th day of March 2024.

Sincerely,



Wesley R. Pilley
CVE Board of Trustees
Secretary/Treasurer





Para los miembros de la Coperativa, Central Valley Electric:

Se avisa por este medio que se llevara a cabo la junta anual por servicio al carro para los miembros de la Coperativa, Central Valley Electric el **sábado 16 de marzo del 2024**, de 9:00 a.m. hasta las 12:00 p.m.

La junta se llevara a cabo en el estacionamiento de Bulldog Bowl (Bulldog Blvd, Artesia). Los miembros conducirán para registrarse y obtener una boleta. Luego se estacionará y llenará su boleta y votara sobre asuntos importantes de la cooperativa. Una vez que su boleta esté completa, se dirigirá a una de las salidas y dejará su boleta.

Se tomará acción en los siguientes temas:

- Cualquier informe que cubra el año 2023
- Minutos de la Reunion Anual de 2022
- Elección de dos (2) miembros del Patronato

El Comité de nominaciones, designado por la Junta Directiva, les presenta a los siguientes candidatos elegidos para la Junta Directiva, por un plazo de 3 años.

Distrito 3 - Cottonwood/Lake Arthur: Steve Spence (candidato)

Distrito 6 - North of Roswell: Chuck Wagner (candidato)

Cualquier persona que vota a favor de una empresa o una corporación en una junta de miembros de la cooperativa debe ser funcionario de esa empresa o corporación, o autorizados por escrito por un oficial, para votar. Ninguna persona no autorizada por escrito para representar una membresía corporativa podrá registrarse y votar por más de una membresía. En el caso de la membresía individual (no corporativos), no se permite la votación por delegación. Solo el marido y la esposa pueden registrarse y votar como una membresía individual.

En fe de lo cual, este aviso ha sido emitido por el Secretario y Tesorero de La Cooperativa, Central Valley Electric, este dia 6 de marzo del 2024.

Sinceramente,

Wesley R. Pilley

CVE Junta directiva
Secretario/Tesorero



**Aviso de la
Reunión Anual**



Charles T. Pinson, Jr.
General Manager &
Executive Vice President

Executive Report

As the General Manager of your electric cooperative it's my honor and privilege to provide Central Valley Electric Cooperative's 2023 Executive Report.

CVE continues to receive many requests for power throughout the co-op's service territory, especially from oil and gas members. Several of these requests are for very large horsepower and will require significant upgrades to the electric system. Because of the number and magnitude of requests, continued supply chain issues, and delays in acquiring rights-of-way, CVE is experiencing long delays in providing power for these requests. Please know we are working hard to provide power and actively communicating with those requesting new service.

For years, the electric service to the Hope area has been limited because of the long distribution lines serving the area. To help improve this, the co-op will extend a transmission line and build a new substation in Hope. This will help provide increased capacity and improve reliability. The new substation will have transfer capability to our substations west of Artesia and in Cottonwood. We are currently working on obtaining right-of-way for these projects. It is estimated to take about two years to complete due to the timeline given by Xcel Energy to provide a 115 kV transmission interconnection and the delivery of substation materials.

Soon, CVE will make significant investments across the system, and I can report that your cooperative is financially strong and positioned well to meet the members' needs. Here is a summary of the financial and operating result for 2023. Total kilowatt-hour (kWh) sales were 859,177,259, an increase of 20 million kWh or 2.4 percent more than 2022 sales. Operating revenue was \$68,398,095, which was \$20.7 million less than in 2022. The decrease was primarily because of lower wholesale power costs. In 2023, wholesale power costs were \$21 million less than 2022 costs. Members benefit from lower wholesale power costs through a decrease in the Fuel Cost Adjustment, also called the Power Cost Adjustment on monthly bills.

In 2023, co-op margins were \$5,525,672, which was \$5,127,872 higher than in 2022, with two components driving the increase in margins. First, CVE's estimated margins for wholesale power purchases from Western Farmers Electric Cooperative in 2023 was \$2,733,848, and this was the first year the co-op earned a share of WFEC's margins. WFEC margins are allocated based on energy purchased in 2023. Second, CVE realized \$1.47 million in gains from non-operating margins from financial investments in 2023. The co-op's actual margins from cooperative operations were \$862,851, which was \$420,010 lower than in 2022.



Your cooperative's Net Utility Plant value for year-end 2023 was \$173 million, and CVE's total margins and equities were \$124.5 million. Outstanding long-term debt in 2023 was \$71 million with a blended interest rate of 2.38 percent and total assets and liabilities of \$223.2 million.

In 2011, CVE became a member of WFEC, a generation and transmission cooperative headquartered in Anadarko, Oklahoma. In 2012, the co-op began to transition away from Southwestern Public Service Company as our wholesale power provider to WFEC. In June 2022, CVE entered the third phase of the transition. Then after much deliberation, CVE's Board of Trustees decided to fully transition to WFEC as of January 1, 2023. That means CVE now purchases all its wholesale power from WFEC and the co-op shares in the margins earned by WFEC going forward.

CVE continues to receive requests from members to interconnect small, distributed generation systems such as rooftop solar. Members should be cautious when considering these systems and be sure to fully understand any agreements the installers want you to sign. Members who install distributed generation behind the meter will be subject to the Renewable Energy Distributed Generation Rider stated on our tariffs. We have received several complaints from members who were unaware of what they were getting into and were dissatisfied with the end product. If you are interested in installing distributed generation like solar, please call us first so we can help you better understand all that is involved.

Each year, the Cooperative Finance Corporation conducts a Key Ratio Trend Analysis (KRTA) of electrical cooperatives across the United States. Generally, the KRTA information comes out mid-year for the prior year. For CVE, the 2022 KRTA showed the average residential rate was 11.7 cents per kilowatt-hour, ranking your cooperative in the nation's lowest 19 percent of co-ops reporting. The KRTA also ranked CVE in the lowest 6 percent for total controllable expenses. We are very proud of our success in providing low-cost, reliable power to our members and will strive to continue.

I hope this report briefly summarizes the major activities at CVE in 2023. We are proud that CVE continues to have low rates and personalized service for our members. The employees, management, and Board continue to work to hard to meet the co-op's needs, and we remain committed to providing excellent service in the years to come.



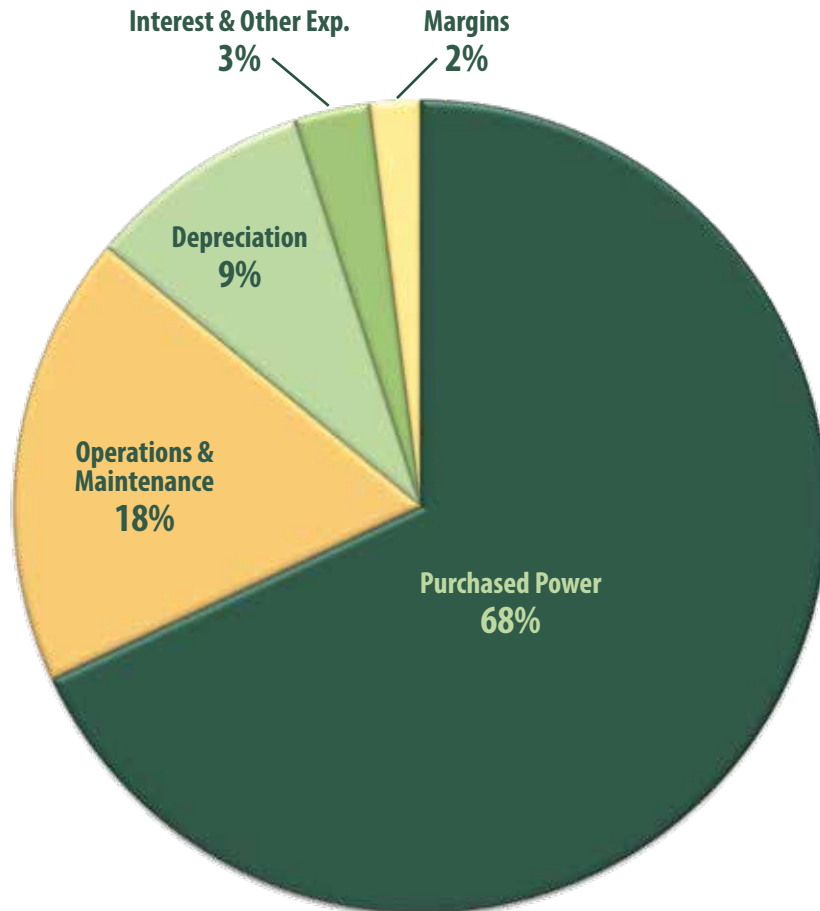
Financials

As of December 31, 2023

INCOME STATEMENT

Operating Revenues	2021	2022	2023
Electric & Other Revenue	\$67,313,745	\$89,056,615	\$68,398,096
Operating Expenses			
Purchased Power	\$45,775,852	\$67,838,366	\$46,754,312
Operations & Maintenance	\$11,176,510	\$11,651,200	\$12,372,970
Depreciation	\$ 6,107,469	\$ 6,287,970	\$ 6,429,417
Interest	\$ 1,923,193	\$ 2,004,108	\$ 1,885,602
Other Deductions	\$ 19,997	\$ -7,891	\$ 92,943
Total Operating Expenses	\$65,003,021	\$87,773,753	\$67,535,244
Net Margins			
Operating Margins	\$ 2,310,724	\$1,282,862	\$ 862,852
G & T Capital Credits	\$ 0	\$ 0	\$ 2,733,848
Non-Operating Margins	\$ 1,376,661	\$ -885,062	\$ 1,928,972
Total Net Margins	\$ 3,687,385	\$ 397,800	\$ 5,525,672

Revenue dollars used to provide electric service in 2023.





BALANCE SHEET

ASSETS

Utility Plant

Total Utility Plant in Service	\$ 217,222,293
Construction Work in Progress	<u>-1,011,022</u>
Total Utility Plant	<u>216,211,271</u>
Less Accumulated Depreciation	<u>42,298,073</u>
Net Utility Plant in Service	\$ 173,913,198

Other Assets & Investments

Invest. in assoc. org. (patro capital)	\$ 1,815,661
Invest. in assoc. org. (general funds)	20,046,765
Other Investments	<u>3,798</u>
Total Other Assets & Investments	<u>\$ 21,866,224</u>

Current Assets

Cash-General Funds	\$ 1,854,130
Temporary Investments	12,512,559
Notes Receivable	258,437
Accounts Receivable-Sale of Energy	3,273,887
Accounts Receivable-Other	1,155,675
Materials, Supplies, Electric & Other	7,712,088
Prepayments	<u>435,653</u>
Total current and accrued assets	<u>\$ 27,202,429</u>
Other Deferred Debits	<u>\$ 229,669</u>

Total Assets \$ 223,211,520

LIABILITIES

Equities

Patronage Capital	\$ 100,139,532
Operating Margins Prior Years	288,272
Operating Margins Current Year	3,831,412
Non-Operating Margins	20,773,942
Other Margins & Equities	<u>-550,955</u>
Total Margins & Equities	<u>\$ 124,482,203</u>

Long-Term Debt

Long Term Debt - RUS	\$ 65,601,949
RUS Payments Unapplied	-2,971,911
Long Term Debt Other	<u>8,319,677</u>
Total Long Term Debt	<u>\$ 70,949,715</u>

Accumulated Operating Provisions

Total Other Non-Current Liabilities	<u>\$ 248,370</u>
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Current Liabilities

Accounts Payable	\$ 4,153,222
Consumers Deposits	202,559
Other Current & Accrued Liabilities	<u>4,148,947</u>
Total Current & Accrued Liabilities	<u>\$ 8,504,728</u>

Other Deferred Credits	<u>\$ 19,026,504</u>
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Total Liab. & Other Credits \$ 223,211,520

Board of Trustees

Committed to Serving You!

One of the many benefits of being a member of Central Valley Electric Cooperative is that you have a say in how the co-op is operated. Your voice is heard by voting for the co-op members who serve on the Board of Trustees. This seven-member board is committed to serving the best interests of all CVE members



Chuck Wagner
Board President
District 6
North of Roswell



Michael Bennett
Board Vice President
District 7
Hope



Wesley Pilley
Board Secretary/Treasurer
District 4
Hagerman/Dexter



Larry Benedict
District 5
South of Roswell



Jason Ciempa
District 2
Loco Hills



Rusty Gwynne
District 1
Artesia/Lakewood



Steve Spence
District 3
Cottonwood/Lake Arthur

President's Report

Our mission statement, “Central Valley Electric is a member-focused electric cooperative dedicated to personalized quality service for its members and the economic vitality of our community,” prioritizes one thing: the member. Through the changes of the past few years, Central Valley Electric Cooperative has remained focused on you as we continue to fulfill our mission.

The cooperative remained focused on helping our members financially. So, in 2023, the Board of Trustees approved the return of \$2.8 million in capital credits earned in 2005. If you were a member of CVE in 2005 and were allocated capital credits, you should receive a check or bill credit sometime in March. Capital credits are one of the true values of being a co-op member.

The Central Valley Electric Education Foundation also helped area students financially by awarding \$303,000 in college scholarships. The Foundation is funded by unclaimed capital credits and donations. You can find more information, eligibility, and an application for the scholarship at www.cvecoop.org/scholarship. Applications for the 2024-2025 school year are due April 15.

The Board also understands how important it is for our members to have reliable power. That is why we made the decision to build a much-needed substation in the Hope area to increase capacity and reliability. This project is in the planning phase and is estimated to take approximately two years to complete. And because the co-op continues to receive numerous power requests from oil and gas members, there will be other projects and system improvements down the road to help better serve CVE members.

After three long years, I'm happy to report that CVE was able to send two students to Washington, D. C., for the Government-in-Action Youth Tour. In June, the co-op sent Mercedes Levario and Sarah Phillips, both from Dexter, on an all-expense paid trip to our nation's capital. The girls joined students from across New Mexico and learned more about our government and electric cooperatives.

In 2023, the co-op's attorney, A J Olsen, retired. The Board would like to thank Mr. Olsen for the dedication, wisdom, and guidance he provided to the co-op for 17 years. Mr. Bob McCrea, with Henninghausen, Olsen & McCrea, LLP in Roswell, will take over as CVE's corporate attorney.

Serving as CVE's Board President for over eight years has been my honor. As a Board, we strive to ensure that members' voices and needs are heard, and we do our best to represent the best interests of all CVE members.

Thank You,



Charles “Chuck” G. Wagner, Jr.
CVE Board President



Service Awards



MIKE ANDERSON
Manager of Fin. & Admin.
40 years



ANDY DAVIS
Working Foreman
30 years



WADE NELSON
Manager of Distribution Eng.
25 years



MARCOS MARTINEZ
Substation Tech
20 years



BRAD POLLARD
Safety Coordinator
20 years



ELISEO AGUILAR
Serviceman
15 years



LUKE DAVIS
Serviceman
15 years



GABE RODRIGUEZ
Serviceman
15 years



LANCE VELASQUEZ
Serviceman
15 years



MARIO GRADO
Line Locator
10 years



RUBI JACQUEZ
Accounting Supervisor
10 years



ALEX CORRAL
Auto Mechanic
5 years



CASEY FAVER
Apprentice Lineman
5 years



CHAMARIE MENDOZA
Cashier
5 years



EDWIN PRUDENCIO
Apprentice Lineman
5 years

Employee Recognition

Long Rope Safety Award

Congratulations to **Ben Valenzuela**, journeyman/lineman, for being recognized by his peers with the Long Rope Safety Award. Ben has worked for the co-op for over nine years.

“Ben is a hard worker, has a mind for safety, and always has a smile on his face.” a colleague said.

The Long Rope Award is presented to individuals with positive attitudes toward training, communication, and safe work habits and who demonstrate a culture of safety in a challenging industry.



Merchant Program

In 2023, three employees completed the Merchant Job Training and Safety Program.

Congratulations to **Kevin Gaines** and **Dillon Trapp** for completing the Journeyman/Lineman training and **Josh Barnett** for completing the Electric Metering training.

The Merchant Program combines technical instruction and on-the-job training.



Kevin Gaines (left) & Dillon Trapp (right)



Josh Barnett

Retirements



DWAYNE POUNDS
Staking Engineer
Retired with 32 years



A J OLSEN
Co-op Attorney
Retired with 16 years

In Remembrance



JUAN BALENCIA
Aug. 30, 1945 to Jan. 17, 2023
Worked 44 years for CVE



RAYMOND SMITH
May 5, 1925 to April 17, 2023
Worked 14 years for CVE



LOU PATTERSON
Dec. 3, 1938 to May 5, 2023
Worked 14 years for CVE



Supporting our communities

Serving our communities is built into our values as a cooperative, and Central Valley Electric Cooperative is proud to support the communities we serve any way we can.

In 2023, after a three-year hiatus, CVE sent two students to Washington, D.C., for the Youth Tour. This trip allows area students to learn more about our local and national government while visiting our nation's capital and create lifelong friendships.

CVE is a big supporter of our communities' youth by donating our time to various events or sponsoring local sports teams and youth organizations like 4-H and FFA.

Meeting and educating our communities are a top priority. We participate in various

career fairs at local schools and provide free electrical safety demonstrations to schools and businesses.

CVE also believes in powering the leaders of tomorrow and awarded over 100 college scholarships. These scholarships totaled more than \$300,000 and were funded by unclaimed capital credits and donations.

The giving spirit is also reflected in the generosity of our employees. CVE employees donate their time, talents, and money at various community events, civic organizations, and local charities.

With the combined efforts of CVE and employees, we strive to make our communities the best they can be.



**CENTRAL VALLEY ELECTRIC COOPERATIVE, INC.
ARTESIA, NEW MEXICO**

A meeting of the Nominating Committee for the Central Valley Electric Cooperative, Inc. was held Wednesday, February 14, 2024 @ 9:03 a.m. in the Board Room at the Cooperative, 1403 N. 13th Street, Artesia, NM 88210.

The Nominating Committee was called to select nominees for the Board of Trustees of Central Valley Electric Cooperative, Inc. The meeting was called to order by Mr. Dale Taylor, Chairman. Mr. Justin Boswell, Mr. Rueben Trujillo, Mr. Jose Chavez, Mr. Brian Cooper, Ms. Jeanette Kelley, Mr. Dale Taylor, and Mr. Dennis Garcia attended the meeting.

After discussion and upon motion duly made and seconded, the following are nominated for trustees to be voted on at the Drive-Thru Annual Meeting, Bulldog Bowl Parking Lot, scheduled Saturday, March 16, 2024

FOR THREE (3) YEAR TERM

District 3 – Cottonwood/Lake Arthur: Steve Spence

District 6 – North of Roswell: Charles Wagner

There being no further business, the meeting was adjourned, dated this 14th day of February 2024.

1. Dale Taylor, Chairman Dale Taylor
2. Brian Cooper, Vice Chairman Brian Cooper
3. Ruben Trujillo, Ruben Trujillo
4. Jose A. Chavez, Jose Chavez
5. Jeanette Kelley, Jeanette Kelley
6. Justin Boswell, Justin Boswell
7. Dennis P. Garcia, Dennis Garcia



**Nominating
Committee Report**

Central Valley Electric Cooperative, Inc.

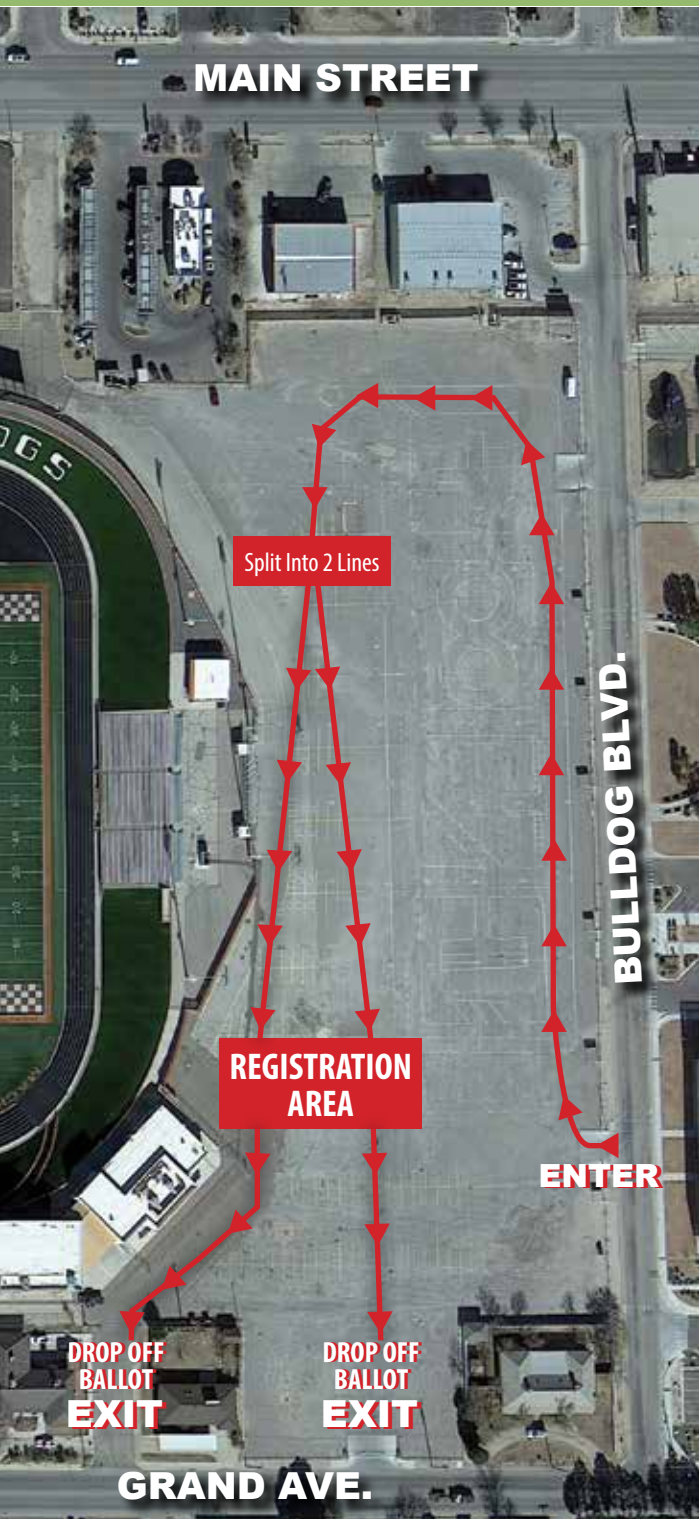
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Artesia, NM 88211-0230

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ANNUAL MEETING

Drive-Thru Meeting

Saturday, March 16

Drive-Thru anytime between
9 AM & 12 PM (noon)

Bulldog Bowl Parking Lot
(Bulldog Blvd, Artesia)

You will enter the parking lot from Bulldog Blvd at the South entrance (see map at left). You will be directed to one of two registration lines. After you register you will be directed to park so you can review the material and fill out your ballot. Once you complete your ballot you will drop it off at one of the designated exits. The first 200 members who register and turn in their ballot will get a \$50 gift card (limit one per membership).

DOOR PRIZE ELIGIBILITY: To be eligible for a door prize you must be an active member of CVE receiving service at least 14 days before the annual meeting, register at the meeting, and meet all rules stated in the Notice of Annual Meeting (pages 4 & 5). Door prizes will be awarded on Monday, March 18.