



CENTRAL VALLEY ELECTRIC COOPERATIVE, INC.



Focused on **YOU**
for **85** years.

2022 ANNUAL REPORT

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 18, 2023**, 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 2022
- Minutes from the 2021 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 4 - Dexter/Hagerman: Wesley Pilley (incumbent)

District 7 - Hope: Michael Bennett (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 8th day of March 2023.

Sincerely,



Wesley R. Pilley
CVE Board of Trustees
Secretary/Treasurer

2022 CO-OP

CELEBRATING

85
years

1937-2022

83
FULL-TIME
EMPLOYEES

63
VEHICLES



4,345
CVE MEMBERS

838.5M
KWH SOLD

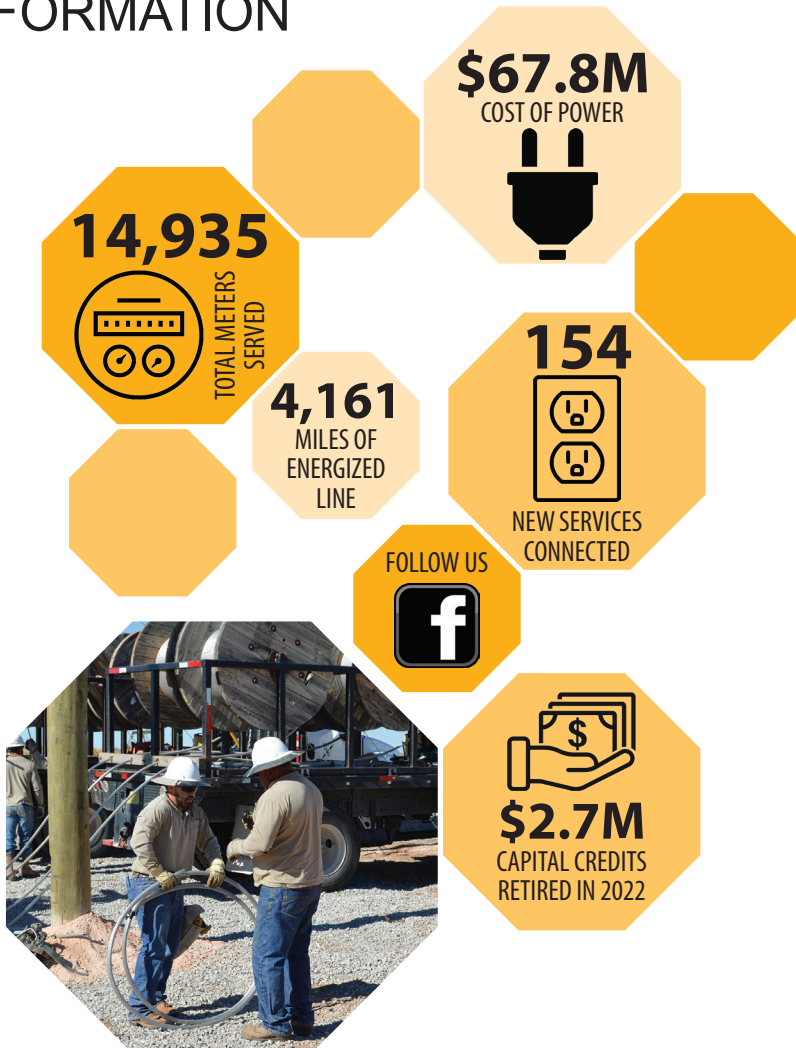


32
SUBSTATIONS



AVISO DE LA REUNIÓN ANUAL

INFORMATION



Para los miembros de la Cooperativa, 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 Cooperativa, Central Valley Electric el **sábado 18 de marzo del 2023**, 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 2022
- Minutos de la Reunion Anual de 2021
- 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 4 - Dexter/Hagerman: Wesley Pilley (candidato)

Distrito 7 - Hope: Michael Bennett (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 día 8 de marzo del 2023.

Sinceramente,

Wesley R. Pilley
CVE Junta directiva
Secretario/Tesorero

EXECUTIVE REPORT



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

In 2022, Central Valley Electric Cooperative celebrated our 85th year of serving our members. In New Mexico, there are 16 rural electric distribution cooperatives, and CVE was the first electric cooperative incorporated in the state. What began as a local effort to extend electricity to the rural areas 85 years ago has grown into one of the largest electric cooperatives in the state that continues to focus on providing benefits to our membership.

I am personally very proud to have served as the General Manager for over 21 years, that's 25 percent of our 85-year legacy. I will admit that the past few years have been some of the most difficult of my career. With the COVID pandemic, supply chain issues, and the skyrocketing prices of materials, supplies, and equipment, it has been challenging to operate and maintain the electric distribution system. However, CVE employees have worked hard to find creative solutions to meet these challenges.

Through it all, your cooperative is financially strong and positioned well to meet the members' needs. Here is the 2022 financial and operating summary. Total kilowatt-hour (kWh) sales in 2022 were 838,492,067, an increase of 88.3 million kWhs or 12 percent more than the sales in 2021. Operating revenues were \$89,056,615, an increase of \$21.7 million from 2021. The increase in operating revenue was primarily driven by the increase in wholesale power costs and the increase in kWh sales to members. The overall year-end 2022 margins for CVE were \$397,800, which was \$3,289,585 lower than in 2021. The decrease in margins was driven by the increase in expenses due to inflationary pressure and by unrealized losses on investments. Let me explain more about the unrealized losses.

CVE originally invested \$6 million in Homestead Funds administered through the National Rural Electric Cooperative Association. At the end of 2021, that investment was valued at \$9.1 million, and at the end of 2022, it was valued at \$7.9 million, producing \$1.2 million in unrealized losses over the period. These unrealized losses are reported on our income statement. Unrealized losses or gains are not allocated to the membership and only become material when they are realized, and the investment is liquidated.

In 2022, the Net Utility Plant was \$172 million, and the total margins and equities at the end of 2022 were \$121.8 million. CVE has \$74 million in outstanding long-term debt at a blended interest rate of 2.38%. Total assets and liabilities at year-end 2022 were \$225.8 million.

Back in 2011, CVE became a member of Western Farmers Electric Cooperative, a generation and transmission cooperative headquartered in Anadarko, Oklahoma. Beginning in 2012, the co-op started transitioning away from Southwestern Public Service Company as our main wholesale power provider. On June 1, 2022, CVE entered into Phase III of the transition from SPS to WFEC, and WFEC began following our load requirements. Also, in 2022 after extensive consideration and deliberation, the CVE Board of Trustees decided to fully transition to WFEC effective January 1, 2023. In CVE's 85-year history, all or some of the co-op's wholesale power was purchased from SPS, and with the full transition to WFEC, our long-standing wholesale power relationship with SPS ended.

As of April 1, 2022, CVE now has a Renewable Energy Distributed Generation Rider on our tariffs. This DG Rider will apply to all members, going forward, who install distributed generation, such as solar, on the members side of the meter. The DG Rider includes a demand charge and lowers the energy charge closer to wholesale, thereby removing any subsidies paid by other members in the same rate class. As you might be aware, solar installations only provide power when the sun shines. So, at night or on cloudy days, members with installed solar still rely on the co-op to provide them power. This, in turn, puts demand on the distribution and transmission system, which is why CVE included a demand charge on the DG Rider. Prior to this rider, all costs and margins flowed through the energy charge. In conjunction with the DG Rider, CVE adopted a Member-Owned Distributed Generation Rebate Program. This program provides an annual rebate from the co-op that is equivalent to the wholesale demand charge that CVE would otherwise pay to purchase wholesale power to serve the member absent their DG system. Funding for this program comes from the Renewable Energy and Energy Conservation Fund, which is administered by the CVE Board.

Each year the Cooperative Finance Corporation conducts a Key Ratio Trend Analysis (KRTA) of electrical cooperatives across the United States. The KRTA generally comes out mid-year for the prior year. CVE's 2021 KRTA showed the co-op's average residential rate was 9.6 cents per kWh, which ranks in the lowest 5 percent of the 812 cooperatives that reported. CVE also ranked in the lowest 9 percent for total controllable expenses. We are proud of our success in providing low-cost, reliable power to our members and will strive to continue to do so.

Central Valley Electric Cooperative's 85th anniversary year was a busy one filled with many challenges. To all of CVE's past and current members, employees, and board members, THANK YOU for your loyalty, dedication, and hard work over the past 85 years. Because of you, CVE has grown into a high-quality, member-focused electric cooperative that is a leader in the state of New Mexico.



BOARD OF TRUSTEES

Central Valley Electric Cooperative's service area is divided into seven districts. Each district has one board member who lives in that district. Once elected, board members represent the best interests of all CVE members - not just those in their district.



Chuck Wagner
President
District 6
N. of Roswell



Michael Bennett
Vice President
District 7 - Hope



Wesley Pilley
Sec./Trea.
District 4 - Dexter/
Hagerman

Steve Spence
District 3
Cottonwood/
Lake Arthur



Rusty Gwynne
District 1
Artesia/
Lakewood



Jason Ciempa
District 2
Loco
Hills



Larry Benedict
District 5
South of
Roswell



Thank you to Rusty Gwynne for 5 years of service, and Attorney A. J. Olsen for 15 years of service to the Board of Trustees.

PRESIDENTS REPORT

Eighty-five years ago, hardworking farmers and ranchers formed Central Valley Electric Cooperative with the noble purpose of electrifying the Pecos Valley. Today, CVE has more than 4,300 members and provides safe, reliable, and affordable power to almost 15,000 meters throughout the Pecos Valley.

CVE's Board of Trustees and employees work hard to keep your rates low, and the co-op has some of the lowest rates in the country. We strive to control expenses and do what is in the best interest of co-op members. We volunteer in our communities and schools and give back to our communities through sponsorships, donations, scholarships, and more.

In 2022, the Central Valley Electric Education Foundation awarded 116 scholarships to area students wanting to further their education. Each scholarship was worth \$3,000.00 for a total of \$348,000.00 awarded. Unclaimed capital credits and donations fund the Foundation. Scholarship applications for the 2023-2024 school year are due April 15, and you can find more information, eligibility, and an application on our website at www.cvecoop.org/scholarships.

Also in 2022, the Board voted to retire capital credits that were earned in 2004 in the amount of \$2,886,220.71. Because CVE is not-for-profit, we allocate any money after expenses are paid back to co-op members who own the co-op. So, if you were a CVE member in 2004, you should receive a capital credit check or bill credit sometime in March. Capital credits are one of the true values of being a co-op member.

At Central Valley Electric, safety is our top priority, not only for our employees but also for the public. That is why CVE offers free electrical safety demonstrations to schools, businesses, and other civic groups or organizations. In 2022, CVE employees went to all elementary schools in Roswell, Dexter, Hagerman, Lake Arthur, and Artesia and conducted an electrical safety demonstration for all 5th-grade students. In all, over 1,000 students were taught how to stay safe around electricity. If your

group or business would like an electrical safety demonstration, give CVE a call.

New Mexico's participation in the 2022 Government-In-Action Youth tour was canceled. The Youth Tour is an all-expense paid trip to Washington, D.C., for students from around the country. Not only do they get to learn more about electric cooperatives and our government, but they get to visit numerous historic sites in our nation's capital. I am excited to report that CVE will send two students to Washington, D.C., for the 2023 Youth Tour in June.

At CVE, we always want to keep our members up to date with everything going on at the co-op. Some of the ways we communicate information with you are through Facebook, the monthly newsletter, the Enchantment magazine, and the co-op website. But if you ever have any questions or concerns, please don't hesitate to call. We are proud to still have a live person answer our phones from 8:00 a.m. to 1:00 a.m. seven days a week.

The CVE Board of Trustees believes it is our duty to carry forward the proud legacy of service set by co-op founders over eight decades ago. We appreciate all the support and cooperation from the members. It is our pleasure to serve you, and please know that this Board is committed to protecting the best interests of Central Valley Electric Cooperative and its members.

Thank You,



Charles "Chuck" G. Wagner, Jr.
CVE Board President

2022 CO-OP FINANCIALS

BALANCE SHEET

ASSETS

Utility Plant

Total Utility Plant in Service	\$ 211,819,145
Construction Work in Progress	<u>-230,669</u>
Total Utility Plant	<u>211,588,476</u>
Less Accumulated Depreciation	<u>39,175,192</u>
Net Utility Plant in Service	\$ 172,413,284

Other Assests & Investments

Invest. in assoc. org. (patronage capital)	\$ 1,740,940
Invest. in assoc. org. (general funds)	18,855,835
Other Investments	<u>3,798</u>
Total Other Assets and Investments	\$ 20,600,573

Current Assets

Cash-General Funds	\$ 7,602,570
Temporary Investments	11,007,921
Notes Receivable	270,604
Accounts Receivable-Sale of Energy	4,390,632
Accounts Receivable-Other	53,705
Materials and Supplies-Electric & Other	7,465,857
Prepayments	<u>347,821</u>
Total current and accrued assets	\$ 31,139,110
Regulatory Assets	\$ 1,396,331
Other Deferred Debits	<u>273,815</u>
Total Assets	\$ 225,823,113

LIABILITIES

Equities

Patronage Capital	\$ 101,506,885
Operating Margins Prior Years	288,272
Operating Margins Current Year	1,541,469
Non-Operating Margins	17,913,711
Other Margins & Equities	<u>600,264</u>
Total Margins & Equities	\$ 121,850,601

Long-Term Debt

Long Term Debt - RUS	\$ 68,094,404
RUS Payments Unapplied	-2,949,102
Long Term Debt Other	<u>8,797,266</u>
Total Long Term Debt	\$ 73,942,568

Accumulated Operating Provisions

Total Other Non-Current Liabilities	<u>\$ 263,194</u>
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Current Liabilities

Notes Payable	\$ 1,396,331
Accounts Payable	\$ 6,695,482
Consumers Deposits	251,617
Other Current & Accrued Liabilities	<u>2,666,850</u>
Total Current & Accrued Liabilities	\$ 11,010,280
Other Deferred Credits	<u>\$ 18,756,470</u>

Total Liabilities & Other Credits **\$ 225,823,113**



AS OF DECEMBER 31, 2022

INCOME STATEMENT

Operating Revenues	2020	2021	2022
Electric & Other Revenue	\$56,688,471	\$67,313,745	\$89,056,615
Operating Expenses			
Purchased Power	\$35,127,660	\$45,775,852	\$67,838,366
Operations & Maintenance	\$11,178,374	\$11,176,510	\$11,651,200
Depreciation	\$ 6,065,618	\$ 6,107,469	\$ 6,287,970
Interest	\$ 1,820,148	\$ 1,923,193	\$ 2,004,108
Other Deductions	\$ 58,723	\$ 19,997	\$ -7,891
Total Operating Expenses	\$54,250,523	\$65,003,021	\$87,773,753
Net Margins			
Operating Margins	\$ 2,437,947	\$ 2,310,724	\$ 1,282,861
Non-Operating Margins	\$ 1,661,439	\$ 1,376,661	\$ -885,061
Total Net Margins	\$ 4,099,386	\$ 3,687,385	\$ 397,800



NOMINATING COMMITTEE REPORT

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 15, 2023 @ 9:00 a.m. in the Board Room of the Cooperative, 1403 North Thirteenth Street, Artesia, New Mexico.

The meeting of the Nominating Committee was called for the purpose of selecting nominees for the Board of Trustees of Central Valley Electric Cooperative, Inc. The meeting was called to order by Mr. Justin Boswell, Chairman. Mr. J.T. Jackson, Mr. Justin Boswell, Mrs. Guadalupita Trujillo, Mr. Jose Chavez, Mr. Brian Cooper, Ms. Jeanette Kelley, and Mr. Dale Taylor 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 for March 18, 2023.

FOR THREE (3) YEAR TERM

District 4 — Dexter/Hagerman: Wesley Pilley

District 7 — Hope: Michael Bennett

There being no further business, the meeting was adjourned, dated this 15th day of February 2023.

1. Justin Boswell, Chairman Justin Boswell

2. Jeanette Kelley, Chairman Jeanette Kelley

3. J.T. Jackson, J.T. Jackson

4. Jose A. Chavez, Jose Chavez

5. Brian Cooper, Brian Cooper

6. Dale Taylor, Dale Taylor

7. Guadalupita Trujillo, Guadalupita Trujillo

EMPLOYEE SERVICE AWARDS

**Greg
ATTEBERRY**
Lineman
25 years



**JoAnna
CALLAWAY**
Executive Asst.
15 years



**Jared
NEEL**
Substation Tech
15 Years



**Kathy
LEWIS**
Dispatcher
10 years



**Jarad
GEORGE**
Serviceman
10 years



**Arnold
SOTO**
Lineman
10 years



**Ricky
MUÑOZ**
Engineering Aid
10 years



**Allen
WILLARD**
Accountant
5 years



CO-OP HAPPENINGS

Central Valley Electric Cooperative cares about the communities we serve because they're our communities too. Our employees live and work in the communities we serve. This commitment to communities doesn't end at the office or the substation — the spirit of service continues even when co-op employees are off the clock. CVE employees readily give their time to serve on community boards, they are active in civic organizations and are always willing to support local youth activities.

Ways CVE helped its communities:

- We provided free electrical safety demonstrations
- We provided college scholarships
- We read to children at our local library
- We assisted Inspired By Science with their egg drop project
- We delivered Meals on Wheels
- We collected toys for Toys for Tots
- We co-sponsored the Safe Haven program with PVT
- We participated in various school career fairs
- We participated in community fairs and other events
- We sponsored various youth activities, clubs, organizations and sports teams throughout our service area



CO-OP RECOGNITION & AWARDS

Long Rope Safety Award

In 2022, **Josh Barnett** was recognized by his peers with the Long Rope Safety Award. Josh has worked at CVE for 11 years. He started on the construction crew and later moved to the meter department where he is currently the supervisor.

Josh's colleagues stated that he is "someone you enjoy working with," always willing to help, and he shares his knowledge and experience with others.

The Long Rope Safety Award is dedicated to all linemen in New Mexico who have been killed or injured on the job. It is presented to individuals with positive attitudes toward training, communication, safe work habits and who are leaders demonstrating a culture of safety in a challenging industry.



Merchant Program

Two employees completed the Merchant Job Training and Safety Programs in 2022. Congratulations to **Casey Faver** for completing the Journeyman/Lineman program, and **Mike Widing** for completing the Electric Meter program.

The Merchant Program is one of the most comprehensive training programs for power line personnel. It's a four-year curriculum that combines technical instruction and on-the-job training.



Casey Faver



Mike Widing

Scott Retires

Randy Scott, Warehouse Supervisor, retired from CVE in 2022. Scott began working for CVE in 2014 as a warehouse assistant.

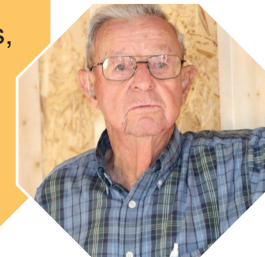
Thank you for your years of service to the co-op.



In Remembrance

Mattie "Bones" Newsom, 93, passed away December 17, 2022. Newsom started working for CVE in 1961, and was a lineman for 30 years, retiring in 1991. He was a U.S. Army veteran stationed in Germany during the Korean War.

CVE would like to express our condolences to the Newsom family.



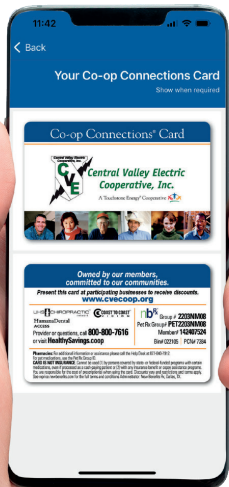
CO-OP BENEFITS & PROGRAMS

It Pays to Be a Member

As a member of Central Valley Electric Cooperative, you are an owner. When you make a payment to CVE, a portion of that payment goes directly toward your investment in the co-op's electrical system. Unlike investor-owned utilities that generate profits on behalf of shareholders, not-for-profit electric cooperatives return any profits or margins to their members in the form of capital credits. These capital credits are eventually retired and returned back to you as an owner of the co-op.

In 2022, CVE's Board of Trustees approved the retirement and return of \$2.9 million in allocated capital credits that were earned in the year 2004. If you were a CVE member in 2004, and were allocated capital credits, a check and/or bill credit will be issued in March.

The return of capital credits is one of the benefits of being a CVE member. For more information on capital credits, please go to www.cvecoop.org/capital-credits, or give us a call at 575-746-3571.



Co-op Connections Card

The Co-op Connections Card program offers discounts at participating local and national businesses. There are also prescription discounts and other ways to save.

Search for all the ways to save at www.connections.coop. Print your free Co-op Connections Card at www.connections.coop, or download the App from your App Store.

Energy Efficiency Rebates & Programs

Being energy efficient can help CVE lower wholesale power demands, thereby reducing the need for additional power generation. That is why we offer various programs and rebates to help you use energy more efficiently.

- **Home Energy Audits:** If you haven't already, schedule your free home energy audit and find out how well your home is sealed against the outside air. Green Medal Energy will conduct the home energy audit and make minor repairs to help fix any issues found.
- **Marathon Water Heaters:** CVE members can purchase Marathon Water Heaters at a discounted price as long as the unit is installed in a home served by the co-op.
- **Heating and Cooling Rebates:** CVE offers rebates on qualifying air source and ground source heat pumps. If you are in the market for a new heating and cooling system call for details on this rebate program.
- **Commercial Lighting Rebate:** Lighting rebates are available for commercial members who upgrade to more energy efficient lighting, or for new installations.
- **Variable Frequency Drives:** Rebates are available for the installations of VFDs to control end-use pump and motor equipment/systems. Contact us for eligibility.



For more information and specific details on the above programs and rebates, please visit www.cvecoop.org, or give us a call at 575-746-3571.



ANNUAL MEETING INFO.

DRIVE-THRU ANNUAL MEETING

Saturday, March 18

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

Bulldog Bowl Parking Lot
(Bulldog Blvd, Artesia)

\$50 gift card
for the first 200 members who register
(limit one per membership)

You will enter the parking lot from Bulldog Blvd. at the North 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 areas. At that time you will be given your \$50 gift card.

We ask that you stay in your vehicle.

All members who register at the annual meeting will be eligible for a door prize. We will draw for door prizes on Monday, March 20, at CVE's office. We will then contact the winners.

Central Valley Electric Cooperative, Inc.

PO Box 230

Artesia, NM 88211-0230

(575) 746-3571 • www.CVECOOP.org



PRESORTED STANDARD
U. S. POSTAGE
PAID
LUBBOCK, TX
PERMIT No. 324

ANNUAL MEETING

Drive-Thru Annual Meeting

Saturday, March 18

Drive-Thru anytime between

9 AM & 12 PM (noon)

see inside back cover for details

Bulldog Bowl Parking Lot

(Bulldog Blvd, Artesia)

\$50 gift card

for the first 200 members who register

(limit one per membership)

To be eligible to win a door prize, you must be registered at the Annual Meeting, be an active member of CVE receiving service at least 14 days prior to the meeting, and you must meet all rules stipulated in the Notice of Annual Meeting (page 2 & 3).