



the **COOPERATIVE**
WAY



Central Valley Electric
Cooperative, Inc.

A Touchstone Energy® Cooperative 

SEVEN COOPERATIVE PRINCIPLES:

VOLUNTARY AND OPEN MEMBERSHIP.

DEMOCRATIC MEMBER CONTROL.

MEMBER'S ECONOMIC PARTICIPATION.

AUTONOMY AND INDEPENDENCE.

EDUCATION, TRAINING AND

INFORMATION. COOPERATION

AMONG COOPERATIVES.

CONCERN FOR COMMUNITY.

2014 ANNUAL REPORT



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Who We Are

Central Valley Electric Cooperative is proud to be your locally owned electric cooperative for over 77 years. We believe that working together toward a common vision is the cooperative way. We do this by operating on a not-for-profit, cost-of-service basis. We strive to provide dependable electricity at a competitive cost to every member.

The seven cooperative principles that have supported CVE and all cooperatives for years are still alive and very strong today. CVE's vision is based on the following statement: "Central Valley Electric Cooperative is a member-focused electric cooperative dedicated to personalized service for its members and the economic vitality of our community."

Notice of Annual Meeting

To the Members of Central Valley Electric Cooperative, Inc.:

Notice is hereby given that the annual meeting of the members of Central Valley Electric Cooperative, Inc. will be held on **Saturday, March 14, 2015**, at 1:30 p.m., at the Artesia High School Auditorium (215 S. 15th Street, Artesia, NM).

Action will be taken on the following items of business:

1. **Any reports covering the year 2014, including acting upon reports of trustees.**
2. **Election of two (2) members of the Board of Trustees.**

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

District 3

Cottonwood/Lake Arthur

DARRELL ATKINS (incumbent)

STEVE SPENCE

District 6

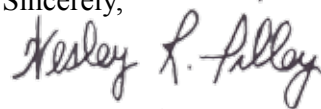
North of Roswell

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 individual (non-corporate) membership, proxy voting is not allowed. Only the husband or wife may register and vote the individual membership.

In witness whereof, this notice has been issued by the Secretary/Treasurer of Central Valley Electric Cooperative, Inc., dated this 26th day of February, 2015.

Sincerely,



Wesley R. Piley

Secretary/Treasurer

Co-op Facts

Years in business: 77

Number of Members: 4,040

Number of Meters: 15,200

Counties Served:

Eddy, Chaves, parts of Otero and Lea

Number of Employees: 82

Number of Substations: 30

Wholesale power providers:

Southwestern Public Service Co. &
Western Farmers Electric Cooperative



Your Elected Leadership

BOARD OF TRUSTEES

The leadership of Central Valley Electric Cooperative, Inc. is made up of members of the cooperative who are democratically elected at the annual meeting by fellow co-op members. Trustees, who represent the seven districts in the co-op's service territory, are charged with governing the co-op, establishing policies and overseeing financial decisions which are in the best interests of the members.



Jack Case
District 1
Artesia/Lakewood



Jason Ciempa
District 2
Loco Hills



Darrell Atkins
District 3
Cottonwood/Lake Arthur
President



Wesley Pilley
District 4
Dexter/Hagerman
Secretary/Treasurer



Larry Benedict
District 5
South of Roswell



Chuck Wagner
District 6
North of Roswell
Vice President



Michael Bennett
District 7
Hope

CENTRAL VALLEY ELECTRIC COOPERATIVE

is A Touchstone Energy Cooperative. Touchstone Energy is an alliance of local, member-owned electric cooperatives across the country committed to providing superior service to all members large and small while still maintaining a strong local presence.

Touchstone Energy Cooperatives have core values of **INTEGRITY**, **ACCOUNTABILITY**, **INNOVATION** and **GENUINE COMMITMENT TO THEIR COMMUNITIES**.



Touchstone Energy[®]
Cooperatives

Message from the Manager



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

As the general manager of your electric cooperative, it is my privilege and honor to provide the executive report on the activities of Central Valley Electric Cooperative for 2014.

In 2014, CVE continued to receive significant requests for power across the co-op's electric system. These requests were primarily in the oil and gas fields in the Loco Hills area. CVE completed the construction of major substation and transmission projects including the new 8 Mile Hill substation and the Henshaw Autostation. Completion of the Henshaw Autostation now places the Henshaw transmission line on its own transmission breaker which should improve electrical service to the members in Loco Hills. In addition to these projects, numerous distribution voltage tie lines were complete, which provide voltage support across the entire system.

In addition to the construction activity on the system, CVE continues to move forward with innovative technologies that will provide additional benefits to co-op members. In 2013, CVE launched a pilot study, in the oilfield, of 1,000 Sensus Automated Metering Infrastructure (AMI) meters. In 2014, the co-op expanded that study and increased the amount of Sensus AMI meters on the system to approximately 2,500 meters. Now in 2015, CVE will continue to implement the use of these meters system wide. With the Meter Data Management software installed in 2014, and the use of the National Information Solutions Cooperative's (NISC) SmartHub application, members can access their billing information using a smart phone, tablet, or computer. Members with Sensus AMI meters are able to access their account and view their electric use on an hourly, daily, or monthly basis with the SmartHub app. The app even benchmarks outside temperatures as heating and cooling is one of the largest expenses to residential members. CVE encourages all members to utilize the SmartHub app to not only pay their electric bill, but to also view and manage their electric use and to be as energy efficient as possible.

As members are aware, CVE is now headquartered in its new facility with nearly all construction complete. The new facility is energy efficient and utilizes geothermal heating and cooling and light emitting diode (LED) light fixtures. Construction on all facilities were completed with no impact on CVE electric rates. The co-op's current electric rates, filed with the New Mexico Public Regulation Commission, went into effect in 2009, and the co-op has made no filings to change electric rates since then. Any adjustment in the price members pay is attributed to changes in wholesale electric rates. Variances in wholesale rates is mainly due to the cost of fuel used to generate power and costs associated with the construction of new transmission power lines which are approved by the Southwest Power Pool and constructed by other utilities.

The total asset value of Central Valley Electric for year-end 2014, was \$166,457,362, which is approximately \$21 million more than year-end 2013. This is primarily a result of the major construction projects completed on the system to serve new loads and the equity paid to Western Farmers Electric Cooperative (WFEC). WFEC is CVE's generation and transmission cooperative headquartered in Anadarko, Oklahoma. Energy sales to members in 2014 increased by approximately 6 percent from 2013, for a total of 831,115 megawatt-hours. This increase was driven by increased energy sales to oil and gas members. CVE is a very unique utility compared to other utilities, because 92 percent of CVE's energy sales are to commercial and industrial accounts. Operating revenues were \$71,481,560, which was \$8.6 million higher than in 2013. This was primarily a result of increased sales and increased wholesale power costs recovered from the membership. The overall year-end 2014 margins for CVE was \$12,320,524, which was \$1,536,427 lower than year-end 2013 margins. Of the 2014 margins, \$3,062,233 represent equity payments to WFEC, pursuant to the transition agreement for membership. The equity payments made to WFEC are booked to the credit of CVE and allocated to the members in the same way all other margins earned by the co-op are allocated. The margins outside of the WFEC equity payments are used to maintain and build the cooperative's electric system, thereby reducing the amount of additional debt needed to operate.

CVE's board of trustees has recently authorized the retirement of capital credits for the year 1995, in the amount of \$1,340,896. If you were a member of the co-op in 1995 and were allocated capital credits, a check and/or bill credit will be issued in February 2015. The retirement of capital credits is one of the many values associated with membership in Central Valley Electric Cooperative.

In 2014, CVE collected \$710,294 from its members for the Renewable Energy and Energy Conservation Fund. The collection of these monies from members allows the co-op to recover \$355,147 from the State of New Mexico. To be compliant with state regulations, the funds collected are to be used to provide energy efficiency programs such as the Residential Home Energy Audit program, the Air Source and Ground Source Heat Pump rebate program, the Commercial and Industrial Lighting rebate program, the Marathon Water Heater program, and renewable energy alternatives for members. The balance of the Renewable Energy and Energy Conservation Fund is \$3,317,540, and because the board of trustees feels the fund is sufficient enough to support the current programs and potential new programs, CVE has decided not to collect the additional one percent of revenue from its members in 2015. This decision will effectively reduce member's power bills by one percent in 2015. CVE encourages all members to take advantage of the programs available and seek to become more energy efficient.

I hope this report has provided a brief summary of the major activities at CVE in 2014. We are very proud that CVE continues to have low rates with personalized service to members. CVE is financially strong and positioned well to meet the needs of the members. CVE's employees, staff, and board of trustees have worked hard over the past year to provide for the needs of the cooperative, and they remain committed to continued excellent service in the years to come.



Transmission poles being set.



Sensus AMI meter being installed



Construction of the new 8 Mile Hill substation.

Balance Sheet

As of December 31, 2014

ASSETS

Total Utility Plant in Service	\$ 150,061,614
Construction Work in Progress	11,122,893
Less Accumulated Depreciation	<u>26,751,725</u>
* Net Utility Plant in Service	\$ 134,432,782
Invest. in Assoc. Org. Patronage Capital	1,004,382
Invest. in Assoc. Org. General Funds Other	12,860,371
Other Investments	<u>1,688</u>
* Total Investments	\$ 13,866,441
Cash-General Funds	6,244,055
Temporary Investments	2,604,580
Notes Receivable	140,579
Accounts Receivable-Sale of Energy	4,332,644
Accounts Receivable-Other	33,243
Materials and Supplies-Electric & Other	3,165,399
Prepayments	89,320
Other Current and Accrued Assets	<u>0</u>
* Total Current and Accrued Assets	\$ 16,609,820
Other Deferred Debits	1,548,319
** Total Assets & Other Debits	\$ <u>166,457,362</u>

LIABILITIES

Patronage Capital	\$ 73,088,513
Operating Margins Prior Years	288,272
Operating Margins Current Year	8,716,710
Non-Operating Margins	13,547,854
Other Margins & Equities	<u>-50,367</u>
* Total Margins & Equities	\$ 95,590,982
Long Term Debt - RUS	30,477,312
(Payments Unapplied \$ 7,544,548)	
Long Term Debt Other	<u>15,801,477</u>
* Total Long Term Debt	\$ 46,278,789
Accumulated Operating Provisions	<u>318,188</u>
* Total Other Non-current Liabilities	\$ 318,188
Accounts Payable	4,065,064
Consumers Deposits	101,071
Other Current & Accrued Liabilities	<u>2,922,837</u>
* Total Current & Accrued Liabilities	\$ 7,088,972
Other Deferred Credits	17,180,431
** Total Liabilities & Other Credits	\$ <u>166,457,362</u>



Income Statement

OPERATING REVENUE

	2013	2014
Electric and Other Revenue	\$62,862,078	\$71,481,560

OPERATING EXPENSES

Purchased Power	\$41,114,513	\$47,567,346
Operations & Maintenance	7,621,292	9,355,535
Depreciation	3,491,068	5,060,216
Interest	1,008,169	989,651
Other Deductions	15,645	85,760

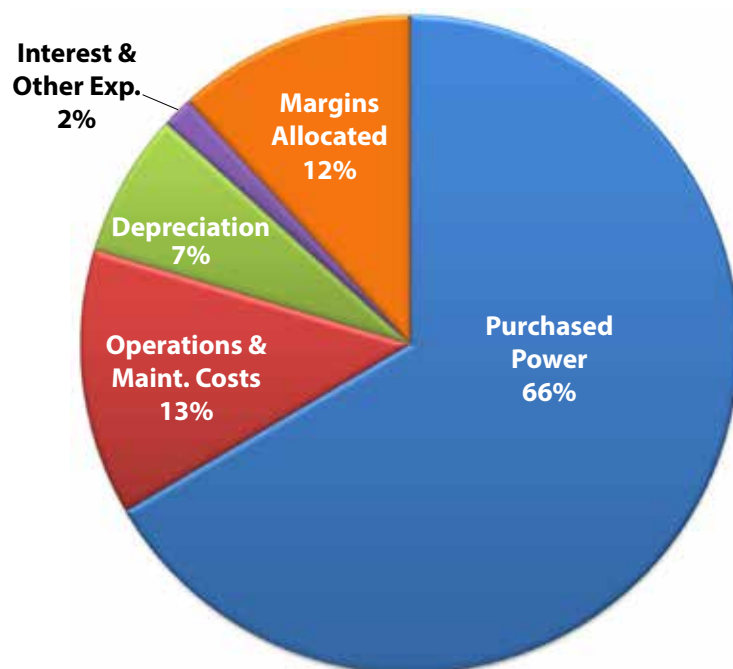
TOTAL OPERATING EXPENSES

NET MARGINS

Operating Margins	\$ 9,611,391	\$ 8,423,052
Non-Operating Margins	746,926	835,239
WFEC Equity	3,498,634	3,062,233

TOTAL NET MARGINS

2014 Revenue dollars used to provide electric service



The CVE Team

Hard work and dedication make up a winning team, and the employees of Central Valley Electric Cooperative are on the front lines every day because they know it's important your power is there when you need it. CVE would like to thank the following employees and board of trustees for their years of service.



30 Years

Steve Glover
Equipment Operator



25 Years

Aaron Horner
Line Foreman



20 Years

Denise Gonzales
Supervisor of
Data Processing



20 Years

Art Ortega
Journeyman/Lineman



15 Years

Donna Nailon
Customer Service
Representative



15 Years

Tony Lopez
Serviceman



10 Years

Miguel Duran
Warehouse Materials
Handler



10 Years

Tom McCombs
Working Foreman



5 Years

Justin Marker
Serviceman



5 Years

Jason Ciempa
Board of Trustees

Join the CVE Team

To view current job openings at CVE and to complete an online application go to www.cvecoop.org and click on the Employment tab.

Pat Simmons Retires



After 34 years, Pat Simmons has hung up his climbing boots and has retired from Central Valley Electric Cooperative. Simmons started working at CVE in 1980, and for 13 years he helped build hundreds of miles of electric line on the construction crew. Then in 1993, he became a Service-

man where he took care of members' needs throughout parts of Artesia and Lakewood for over 21 years.

When asked what Simmons' will miss the most about the co-op he said, "I will miss the many friends I've made at CVE over the years. However, I won't miss being called out in the middle of the night. I can finally enjoy a good thunderstorm."

One of Simmons best memories from his time at CVE is of an ice storm that happened in the late 1990s. Everyone at CVE worked tirelessly to get members' pow-

er back on; some members were without power for several days. Simmons stated, "I felt like I was earning more than just a paycheck when we got people's power back on. We were providing a valuable service to our members, and that felt good."

Simmons now plans to move to Arkansas where he will do a lot of fishing and relaxing.

CVE would like to thank Pat Simmons for his many years of dedicated service to the co-op and wish him all the best in his retirement.



In Remembrance



Roy Atteberry

1939 to 2014

For 30 years, Roy Atteberry was a Lineman at Central Valley Electric Cooperative. His hard work and dedication helped build CVE into the co-op it is today.

Atteberry is survived by his wife

Lynn Atteberry; daughter Diana Jimenez; son Greg Atteberry and wife Tina; seven grandchildren, and eleven great-grandchildren.



CVE line construction crew from the early 1980s.

Back row from left to right: Lupe Salazar, Gary Conklin, Sam Karr, **Roy Atteberry**, Pat Simmons, & Steve Cyrus. Front row from left to right: Hollis Glass, Johnny Ironmonger, Ray Loya, & Jack Smith.

The Cooperative Way

The Cooperative Way Comes Through in Everything We Do

When Central Valley Electric Cooperative was formed in 1937, the biggest concern for local citizens was bringing electricity to homes, farms and businesses. Today, over 77 years later, we provide safe, reliable and affordable electricity to more than 4,000 members throughout the Pecos Valley.

Our legacy has always been – and will continue to be – a deliberate focus on what is best for our members. It's the Cooperative Way.

AT CVE, WE ARE LOOKING OUT FOR YOU THROUGH:

Sound Financial Leadership

The Board of Trustees takes its responsibility of observing sensible business practices and conservative financial policy very seriously. They set the course and direction of the co-op, now and into the future.

In December 2014, as a result of the board's sound financial leadership, they approved the return of allocated capital credits for the year 1995, in the amount of \$1,340,896.19. Whenever revenues exceed expenses, we allocate the excess to our members. It's one of the unique benefits of being a co-op member.

Advances in Efficiencies

Investing in technology, equipment and training have made our workforce more efficient than ever. By working smarter and more efficiently we operate and maintain an ever growing electric system.

Visit www.cvecoop.org for information on CVE's energy efficiency programs and resources, or give us a call at (575) 746-3571 to sign-up for a free home energy audit. Conserving energy reduces your personal power costs and helps postpone the need to build new power plants.

CVE is also working toward system wide installation of Automated Metering Infrastructure (AMI) meters. Automated meters will alert us of power outages, allowing CVE to dispatch repair crews more quickly. This technology also significantly reduces meter-related labor and transportation costs because

meters can be read remotely from the co-op's office. For more information visit our website at www.cvecoop.org, or call us at (575) 746-3571.

A Focus on Member Interests

We care about issues which affect our members. In late 2013, and again in 2014, the Environmental Protection Agency (EPA) proposed regulations on greenhouse gas emissions from existing power plants and new power plants. If implemented, these regulations could increase the cost of power to everyone. As your electric co-op we sounded the alarm and asked concerned members to register their concerns with the EPA at www.Action.coop. CVE members along with electric co-op members across the country took action and registered over 1.1 million comments to the EPA. CVE would like to thank those members who took action and sent comments to the EPA.

Concern for Community

At CVE, we take our community role seriously by striving to improve the quality of life in the areas we serve. Our employees live and work in your community and many of them are active volunteers. CVE employees and their families volunteer to pick up litter twice a year from the co-op's adopted highway mile, as well as, walk for a cure at the annual American Cancer Society Relay for Life in Artesia. The co-op also cares about the people in the communities it serves

and is committed to the Safe Haven program. Safe Haven is geared at helping citizens in distress. People who are lost, stranded, hurt or feel threatened by strangers can approach any CVE vehicle, with a Safe Haven bumper sticker on it, and get help. CVE is a strong supporter of area youth and community programs. From sponsoring local youth sports teams to supporting local outreach programs and much more. CVE supports your local community.

A Visible Difference

As you can see, the cooperative way is different from other businesses. We're working together to keep your electric bills affordable. We're controlling costs through innovation. We're continuing to put you, our members, first. No matter what the future brings, one thing is certain. ***We're Looking Out for You!***



New Mexico Energy Smart Program

Small Change That Changes Lives

In 2014, Central Valley Electric Cooperative partnered with the Mortgage Finance Authority (MFA) to help CVE members participate in the New Mexico Energy Smart Weatherization Program. The NM Energy Smart program helps reduce energy costs for low-income families by improving the energy efficiency of their homes while ensuring their health and safety. The program assists people who meet the income criteria who may have disabilities; who are considered elderly; or families with young children. MFA is a quasi-public entity responsible for administering housing programs for low to moderate income families throughout New Mexico.

Local Dollars for Local Needs

With the co-ops partnership with the MFA, CVE agreed to contribute a designated amount of money and in turn the MFA matched the same amount. This was the first time CVE has been involved with the MFA Energy Smart program. In 2014, CVE successfully worked with seven members and their families. This program has helped these families implement much needed weatherization repairs to their homes that they might not otherwise have been able to do. Low income households typically spend 17 percent of their total income on energy use versus 4 percent for other households. With NM Energy Smart improvements, homeowners can save up to an average of \$400 per year.

How it Worked

Once CVE members began their application to the MFA, the co-op worked with its members during the application process, monitored the progress, member satisfaction and finished services. An initial assessment or energy audit of the home was performed to determine what improvements needed to be made. A range of repairs and improvements are offered to home owners including sealing common air leaks and installing smoke and carbon monoxide detectors. Other improvements include, but are not limited to, insulating ducts, attics, walls, and crawlspaces; installing energy efficient windows, ventilation, doors, water heaters, refrigerators, furnaces, air conditioners, and light bulbs. All home repairs were done by subcontractors of the Southwestern Regional Housing Community and Development Corporation.

More Information

Applications for this program can be obtained by going to www.swnm.org and printing an application for the Weatherization Assistance Program, or give CVE a call at (575) 746-3571.



Central Valley Electric Cooperative, Inc.

PO Box 230

Artesia, NM 88211-0230

(575) 746-3571 • www.cvecoop.org



A Touchstone Energy® Cooperative 

PRESORTED STANDARD
U. S. POSTAGE
PAID
ROSWELL, NM
PERMIT No. 204

Central Valley Electric Cooperative ANNUAL MEETING

Saturday, March 14, 2015
Artesia High School Auditorium
1:30 p.m.

LUNCH

11:30 a.m. to 12:45 p.m.

Park Jr. High Cafeteria

1508 W. Cannon • Artesia, NM

REGISTRATION

12:30 p.m. to 1:30 p.m.

AHS Auditorium

215 S. 15th St • Artesia, NM



Great door
prizes to be given
away!

Entertainment by:
Old School
Band

Check out the
informational
booths in the lobby!



MUST BE PRESENT TO WIN DOOR PRIZES. To be eligible to win, you must be registered at the annual meeting, be an active member of CVE receiving service at least 14 days prior to the meeting, must meet all rules stipulated in the Notice of Annual Meeting (page 2) and attend the business meeting.