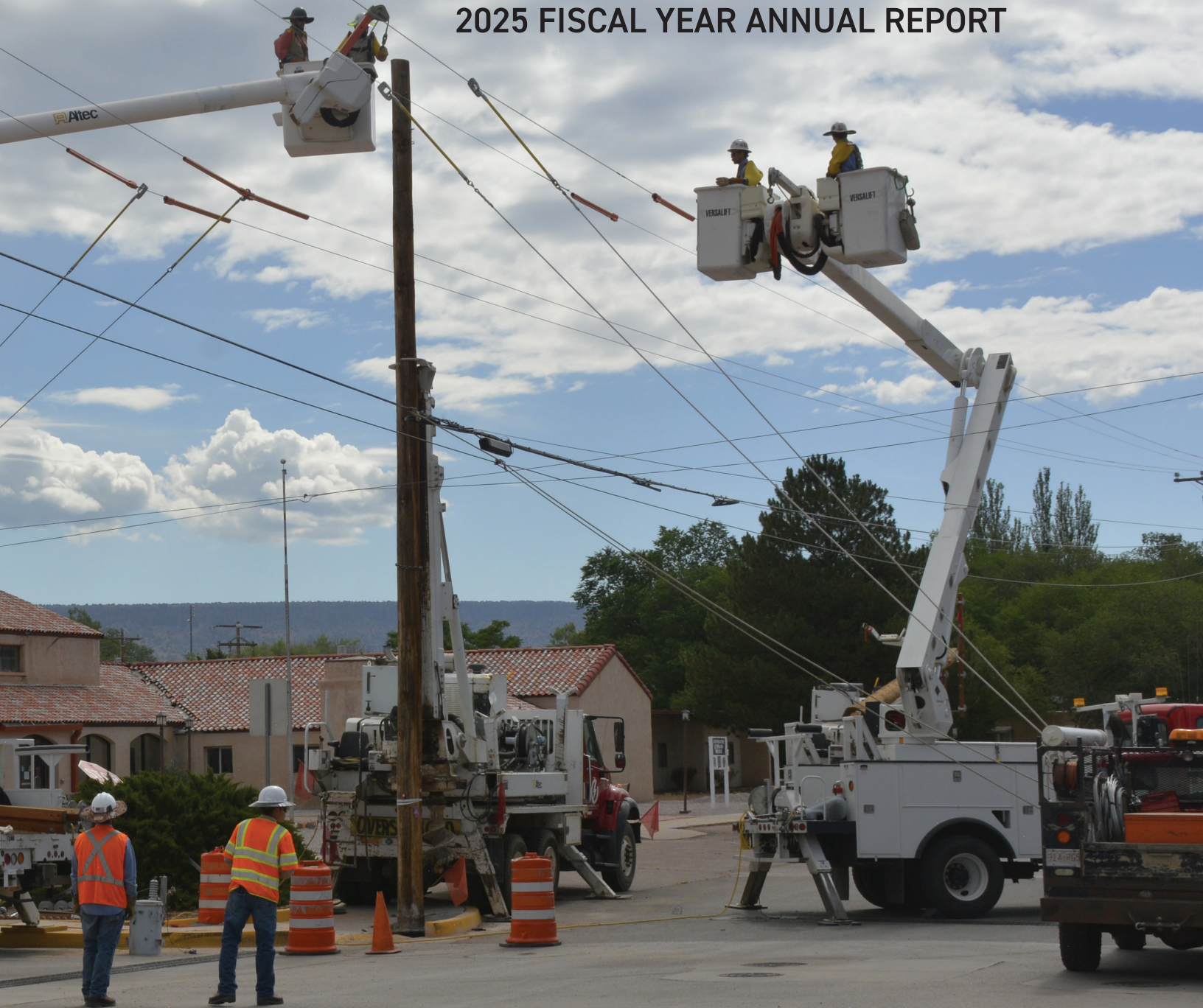


POWERING FORWARD▶▶

2025 FISCAL YEAR ANNUAL REPORT



CONTINENTALDIVIDE
AN ENERGY & TELECOMMUNICATIONS COOPERATIVE

Powering What's Next. Connecting What Matters.



Keith Gottlieb
Board President

Energy and connectivity are changing rapidly across the country – including here in rural New Mexico, where Continental Divide continues to work to meet future needs of

the communities we serve.

National forecasts suggest the average annual energy use by 2030 will be at a level not seen since the 1960s, when most new homes had central air conditioning, fueling population growth in hot-weather states like Arizona and Florida.

Today's drivers are AI data centers, AI-driven manufacturing robots, transportation, home appliances, and personalized digital assistants.

Federal and state policies play an increasingly important role in shaping how electricity is generated, delivered and regulated, as well as how broadband service is expanded across rural America.

Meeting the demand will require significant investments in new generation resources, transmission infrastructure and grid resilience. However, many of these projects, including broadband development, face lengthy, outdated permitting processes.

Streamlining permitting and improving access to rights-of-way would help our Co-op and others across the country build the infrastructure needed to support economic growth, strengthen grid

reliability and respond to emerging energy and communication demands.

We work with and through our wholesale power provider, Tri-State Generation & Transmission Association, the National Rural Electric Cooperative Association and the New Mexico Rural Electric Cooperative Association to ensure policies positively affect our industry.

Next week, electric cooperative leaders will gather in our nation's capital to advocate for co-op members. Co-op leaders will focus on conversations about key energy issues and co-op community priorities. Advocating for reliable, affordable power in Washington, D.C. is a critical part of our commitment to you.

We look forward to working at the state level, calling on lawmakers to pass comprehensive legislation to reduce wildfire risk while financially protecting New Mexico's not-for-profit co-ops.

The aim is to introduce a bill that specifically incentivizes wildfire mitigation, ensuring that utilities follow national best practices to drastically reduce wildfire risk. It would allow a co-op, deemed to be in compliance with its wildfire mitigation plan on file with the state, to receive some liability protections.

Having a more stable liability landscape would allow co-ops and insurance companies to better understand and manage risks, ultimately helping protect co-op members from drastic insurance rate increases.

We hope you will support Continental Divide and its co-op brethren in this 2027 state legislative priority.

Beyond delivering electricity and

broadband, we remain deeply committed to strengthening the communities we serve through educational initiatives, energy efficiency programs and member engagement.

We continue to support the efforts of our local economic development agencies to re-purpose land in and around the former Escalante Generating Station site.

In 2025, we surpassed the \$5-million mark in total scholarships awarded from the Continental Divide Education Foundation to students seeking four-year bachelor's degrees.

This year, we have partnered with NMSU Grants on a pilot project to help fund the education of students seeking certifications and associate degrees

If successful, we hope to make the program a permanent complement to our traditional scholarship program, which has benefited 2,140 service-area students.

In 2025, we hit another milestone, surpassing the \$500,000 mark in total rebate money given to Co-op members who have purchased and installed energy-efficient electrical products since 2006.

At the heart of everything we do is a simple principle: This is your Cooperative.

From powering homes and businesses to connecting communities and supporting local students, every milestone we reach is made possible by the members we serve. We are proud of what we have accomplished together—and even more confident in what lies ahead.

Thank you for being part of Continental Divide Electric Cooperative.

POWERING *by the Numbers* ▶▶



2,140

Scholarship Recipients ('89-'25)



\$5.3M

Scholarship Dollars ('89-'25)



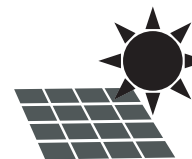
\$235,500

Charitable Contributions ('12-'25)



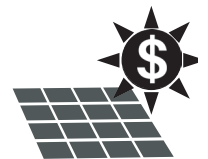
\$505,863

Rebate Dollars ('11-'25)



1.3M

Net Metering kWh in 2025



\$130,277

Savings from Net Metering in 2025

Delivering You Reliable, Efficient and Responsible Service



Robert E. Castillo
Chief Executive Officer

At Continental Divide, everything we do is guided by a simple principle: We are owned by the people we serve.

That means every investment we make, every mile of line we maintain, and every program we offer is focused on delivering value to you – our members.

Over the past year, our Cooperative continued to strengthen reliability, invest in smarter infrastructure and provide practical tools to help you manage your energy use and costs.

With more than 23,000 meters across five counties in northwest New Mexico, we serve a large, rural territory. Despite the challenges, we continue to operate an efficient and resilient system.

In 2025:

- We delivered over 516 million kWh of electricity to members.
- Peak demand reached 78,090 kW during winter months.
- System line losses remained low, helping control costs.

These results reflect the ongoing work of our crews, engineers and staff to maintain a reliable system while managing expenses.

We continue to modernize our electric system to improve reliability and reduce outage times.

In 2025:

- We upgraded substation breakers in Ramah and Laguna.
- We expanded fiber infrastructure to support distribution system communications and provide internet and digital phone service to the community of San Mateo.
- We improved system efficiency at our Gallup and Bluewater substations.

The past five years have been a period of exploding costs for the electric utility industry and broadband providers, driven by soaring demand, supply chain challenges, raw material shortages, and increased labor costs and tariffs.

The impact has been rapid increases in the cost of producing power, longer and more unpredictable project timelines and the need for more financing, all of which have driven up electric rates for residences, businesses and others.

This year, our power provider, Tri-State Generation and Transmission Association increased its wholesale rate by 7.5%. But if you look at Tri-State’s average annual rate increase over the last decade, it was approximately 1%, well below the rate of inflation. Tri-State continues to deliver a reliable and competitive supply of power despite industry volatility.

Continental Divide is currently conducting a cost-of-service study. Our last rate increase was in February of 2023.

Looking ahead, we will continue substation upgrades and protective equipment modernizations. We are expanding our system communications with fiber infrastructure, making our Red Bolt services available to members in San Fidel and Cubero. We will inspect more than 6,800 utility poles in the communities of Smithlake, Pinedale and Iyanbito and replace potentially hazardous ones. These investments and others will result in a smarter, more resilient grid that reduces outages and improves service for all members.

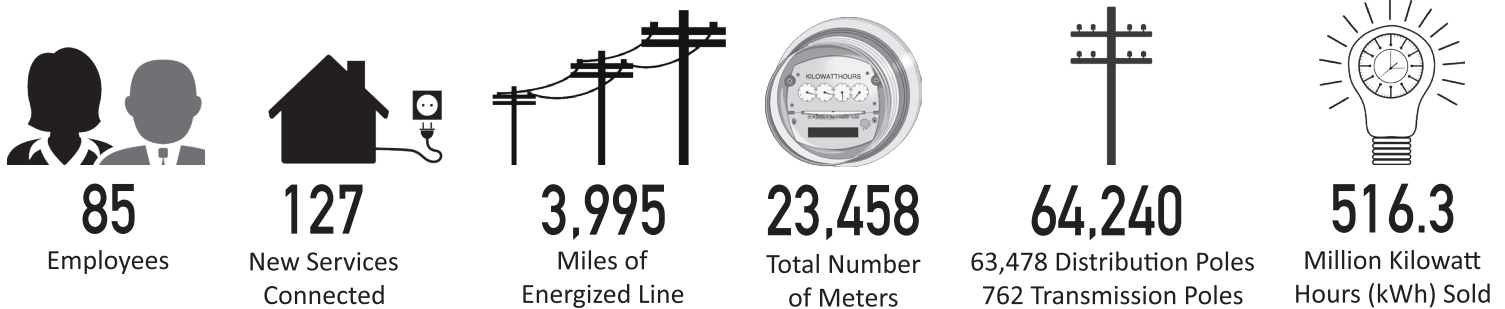
An AI-driven pilot project continues, using satellite mapping, historical data and AI-modeling for better, cost-effective vegetation management around power lines. The objective of our Intelligent Vegetation Management System is a resilient grid where infrastructure design, maintenance practices and operational protocols work together to prevent catastrophic wildfires while ensuring reliable power delivery.

We continue to support practical and cost-effective renewable energy. Today, there are 137 member-owned solar installations across our system that generated more than 1.3 million kWh in 2025, saving approximately \$130,000 in energy costs.

Our long-term agreement with solar facilities in Grants and Bluewater produced 18 million kWh in 2025, generating savings of more than \$300,000. That energy enhances the 45% of renewable energy Continental Divide continues to deliver to its members in partnership with the Cooperative’s wholesale power provider, Tri-State Generation and Transmission Association.

As we move forward, everything we do is grounded in our cooperative mission: To provide reliable, affordable energy and services while improving the quality of life in the communities we serve. Thank you for your continued trust and engagement in your Cooperative.

(The numbers below on this page are for the 2025 calendar year.)



Members Continue to Benefit From Co-op Giving Back

Continental Divide demonstrates the "Concern for Community" principle (the 7th Rochdale principle) by focusing on sustainable development, local investment, and improving the quality of life for its member-owners. One of the ways we act on this is through charitable donations.

In 2025, we awarded \$25,750 in grant money to service-area charitable causes. Recipients included:

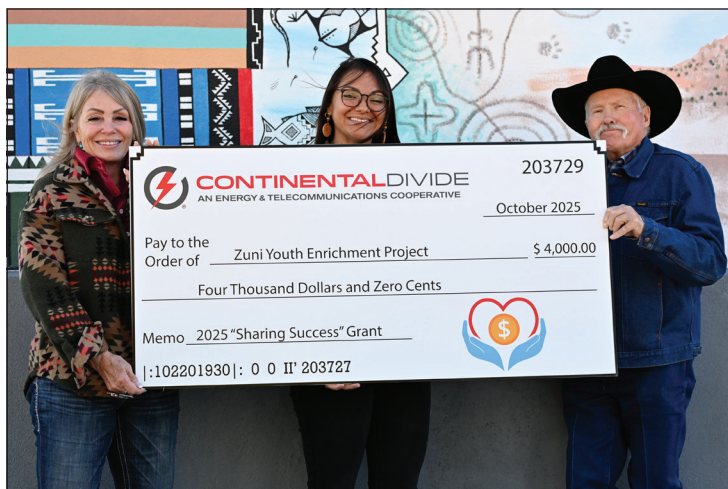
- \$6,900 to 4-H participants for livestock purchases at the 2025 Bi-County Fair.
- \$6,000 to the six Co-op members whose homes were destroyed by the Alamo fire in Grants in April 2025.
- \$2,500 to Grants High School to assist with the 2025 senior scholarship awards dinner.
- \$1,500 to the Big Brothers, Big Sister (Mountain Region) for its annual golf tournament.
- \$1,200 to the St. Joseph Mission School for its annual Gala Under the Stars.
- \$1,000 to the New Mexico Outdoors Economics Conference to help Cibola and McKinley counties continue to explore ways to grow outdoor tourism in our area.
- \$500 to support Grants MainStreet Project's Spokes on 66 Car Show.

In addition, Continental Divide participates in the annual CoBank "Sharing Success" matching grant program.

The Co-op's governing board makes the grant possible in partnership with CoBank – a cooperative bank serving vital industries across rural America. Annually, CoBank matches dollar-for-dollar the amount Continental Divide contributes. We have participated in the program since 2012. This year's Sharing Success applications were due Feb. 27.

The 2026 grant recipient is Grants MainStreet Project, whose application qualified based on its energy efficiency and economic development potential. An application can also qualify for the grant by demonstrating educational or environmental benefits to a Continental Divide service-area community.

MainStreet plans to install LED (light-emitting diode) strands on five buildings along Historic Route 66 (Santa Fe Avenue) in downtown Grants. The lights will "replicate the iconic glow of traditional Route 66 signage" and "create a cohesive and visually



Zuni Youth Enrichment Project was our 2025 Sharing Success grant recipient. ZYEP Executive Director Talia Natachu-Eriacho, center, funded an eight-week program to help participants learn how to use tools, apply land conservation techniques, practice safety, develop cultural awareness, and promote health by maintaining the local walking/running/biking trails around Zuni Pueblo. Natachu-Eriacho is flanked by the Co-op's District 6 Trustee Blanche Clawson and District 7 Trustee Joe Hoskins.

compelling downtown corridor," MainStreet Executive Director Denise Hanson wrote in MainStreet's application.

MainStreet hopes the lights will invite area residents and tourists into Santa Fe Avenue businesses, contributing to the Grants' economy. The additional lighting also will enhance public safety along Historic Route 66 in downtown Grants at night.

You can find more details about the Sharing Success grant opportunity on our website – www.cdec.coop – or by calling our Member Relations team at (505) 285-6656.

Next year, Continental Divide will begin accepting Sharing Success grant applications on Jan. 1, 2027.

Efficiency Rebates Continue to Flow Back to Members

In 2025, our co-op gave back \$28,192 to members who purchased and installed eligible energy-efficient electric products.

Purchases of heat pump equipment continued to account for the most rebate money—\$12,180. Residential and commercial accounts remain eligible for rebates on air-source and ground-source heat pumps and other heating and cooling equipment, including smart thermostats and evaporative coolers.

This year, residential accounts can receive rebates for:

- Electric dryers and ventless heat pump dryers
- Induction cooktops

- The following electric-powered outdoor equipment:
 - Lawnmowers (push and riding), snow blowers, trimmers, chainsaws, pruners, leaf blowers and power-washers
 - Electric bicycles
 - Additional batteries for the outdoor equipment listed above

Residential and commercial members are also eligible for rebates on electric-vehicle charging equipment. Commercial accounts can benefit from rebates on new LED lighting, irrigation motors and variable-speed drive retrofits. Learn more about the rebates available to our members by going to our website or by calling our Member Relations team at (505) 285-6656.

2026 MEETING AGENDA

Opening of Meeting 8 a.m.

Registration & Voting..... 8 – 11 a.m.

Business Session 11:15 a.m.

- National Anthem
- Welcome
 - Introductions
 - Coloring Contest Winners
 - Youth Tour Winners
- Guest Speaker(s)
- Door Prize Drawing
- President’s Report
- General Manager’s Report
- Education Foundation Report
- Door Prize Drawing
- Secretary/Treasurer Report
 - a) Determination of Quorum
 - b) Reading of the Notice of Meeting and Proof of Due Publication and Mailing
 - c) Reading of Unapproved Minutes of 2016-18 and 2022-25 Annual Meetings
- Auditor’s Report
- Door Prize Drawing
- Unfinished Business
- New Business
- Motion to Adjourn
(After Grand Prize Drawing)
- Grand Prize Drawing
- Adjournment

OUR VISION

Dedicated employees working together to connect our communities.

OUR MISSION

At Continental Divide, our mission is to provide superior energy and telecommunication services that enhance the daily lives of rural New Mexico.

2025 Annual Meeting Minutes

In his report to the membership, Continental Divide Electric Cooperative Board President Keith Gottlieb stated that inflation continues to impact all aspects of operations, including equipment and budgets, with some equipment now costing twice as much as before.

In keeping with the Co-op's commitment to sound financial management, Mr. Gottlieb stated the Continental Divide retired \$1.7 million in capital credits in November 2024, and 26,000 checks were mailed to current and former members for electricity paid during 1991 to 2002, subject to a five-dollar minimum.

Additionally, Mr. Gottlieb emphasized ongoing community support through educational initiatives, energy efficiency programs, member engagement, and local economic development efforts to repurpose land around the former Escalante Generating Station.

He announced the following milestone:

- The Co-op's educational foundation has surpassed \$5 million in total scholarships awarded and 2,100 service-area students have benefited since the program's 1989 inception.
- Rebates to members for the purchase of qualified energy-efficient equipment has exceeded \$500,000. The program has been ongoing since 2006.

- The Co-op's charitable giving has surpassed \$200,000. The Co-op has been tracking such contributions since 2012.

Mr. Gottlieb ended his report, highlighting the Co-op's workforce as a key strength, noting that a culture of trust and humility, and the growing importance of insights from newer employees, has brought fresh ideas and innovation to evolve to meet member needs.

Continental Divide CEO Robert Castillo expressed gratitude to members for attending the annual meeting. He recognized Co-op employees for maintaining electrical reliability.

Mr. Castillo highlighted the Co-op's commitment to safety and the enactment of New Mexico's Wildfire Prepared Act, which aids property owners in high-risk areas. Mr. Castillo addressed the insurance impacts in wildfire zones and the Co-op's prioritization of replacing vulnerable infrastructure, inspecting 6,800 poles, and contracting tree trimming in key areas.

He explained an AI-driven pilot project that uses satellite mapping, historical data and AI-modeling for better, cost-effective vegetation management around power lines. The objective of the Co-op's Intelligent Vegetation Management System is a resilient grid where infrastructure design, maintenance practices and operational protocols work together to prevent catastrophic wildfires while ensuring reliable power delivery.

He emphasized AI's role in Advanced Metering Infrastructure, or (AMI), and Supervisory Control and Data Acquisition systems, or SCADA. When such infrastructure becomes fully operational throughout the service area, the Co-op will be able to analyze historical data and real-time monitoring to predict equipment failures and other issues.

continued on Page 7

Condensed Balance Sheet*

	2025	2024
For the Years Ended December 31, 2025 and 2024		
ASSETS AND OTHER DEBITS		
Utility Plant (Cost of our system)	\$ 170,454,989	\$ 165,749,454
Less: Accumulated Provision for Depreciation	(53,689,315)	(49,557,603)
Net Utility Plant	<u>\$ 116,765,674</u>	<u>\$ 116,191,851</u>
Equity in Associated Organizations	\$ 32,506,617	\$ 31,934,616
Deferred Compensation Investment	3,724,050	10,495,050
Investment in Subsidiary	1,167,185	1,039,700
Other Property, Investments, Funds	-	-
Current and Accrued Assets:		
Cash – General	10,007,099	5,415,601
Consumer Accounts Receivable	7,163,327	9,229,577
Material and Supplies	8,785,106	9,011,168
Other Current and Accrued Assets	422,019	366,768
Total Current and Accrued Assets	<u>\$ 26,377,551</u>	<u>\$ 24,023,114</u>
Deferred Debits	<u>\$ 42,583</u>	<u>\$ 271,683</u>
TOTAL ASSETS AND DEBITS	<u><u>\$ 180,583,660</u></u>	<u><u>\$ 183,956,015</u></u>
LIABILITIES AND OTHER CREDITS		
Total Member and Patron Equities	\$ 84,132,260	\$ 80,761,525
Long-Term Obligations to Lenders:		
Rural Utilities Service (RUS)	60,176,544	57,447,488
Cooperative Finance Corporation (CFC)	9,963,509	10,130,782
Finance New Mexico	5,335,000	15,035,000
Accumulated Operating Provisions	3,450,064	3,363,187
Total Current and Accrued Liabilities	9,482,927	12,929,646
Deferred Credits	<u>\$ 8,043,356</u>	<u>\$ 4,288,387</u>
TOTAL LIABILITIES AND CREDITS	<u><u>\$ 180,583,660</u></u>	<u><u>\$ 183,956,015</u></u>

2025 Minutes (cont'd)

Mr. Castillo updated members on the Co-op's Red Bolt Broadband expansion efforts, including fiber build-outs in San Mateo and other areas, with 6,000 customers now served.

Nathan Paden, partner with Bolinger, Segars, Gilbert, and Moss LLP, presented the 2024 Fiscal Year Annual Report.

Mr. Paden completed the audit and presented it to the board on March 14, finding it "clean," with no significant issues, validating the Cooperative's financial practices.

Total revenue was \$67.9 million in 2024, compared to \$68.7 million in 2023. Total expenses were \$68.3 million in 2024, compared to \$65.8 million in 2023.

Mr. Paden concluded that Continental Divide remains in very sound financial health, demonstrated by a strong equity position, solid asset base, and prudent financial management, despite reduced operating margins due to inflation.

Incumbent board members ran unopposed and retained their trustee seats. They were Mike Chambers of District 1; Claudio Romero of District 3 and Lloyd Ortega of District 4. There were no bylaw amendments on the ballot.

Continental Divide's governing board did not take official business actions during the meeting. The Co-op registered 426 members, but it needed 539 to establish a quorum.

In new business, Mr. Gottlieb stated that the governing board held a special meeting in Feb. 27, 2025, and voted unanimously to inform the Co-op's membership of its intention to "redistrict," or redraw the geographical boundaries of its service area.

There being no other business to come before the Membership, there was a motion to adjourn immediately after the grand prize drawing. The motion was duly seconded and carried.

Statement of Operations*

	2025	2024
For the Years Ended December 31, 2025 and 2024		
OPERATING REVENUE		
Residential	\$ 24,667,540	\$ 24,083,605
Small Commercial	6,037,938	5,880,481
Large Commercial	27,282,989	31,640,084
Other	6,441,556	6,311,146
TOTAL OPERATING REVENUE	\$ 64,430,023	\$ 67,915,316
OPERATING EXPENSES		
Purchased Power	\$ 37,962,106	\$ 42,316,622
Operating Expenses	17,523,740	17,170,387
Non-Operating Expenses:		
Depreciation and Amortization Expense	6,777,163	6,240,798
Interest on RUS/CFC Loans	2,865,333	2,628,184
TOTAL OPERATING EXPENSES	\$ 65,128,342	\$ 68,355,991
Operating Margins	\$ (698,319)	\$ (440,675)
Non-Operating Margins (includes interest on investments)	2,921,477	995,519
Capital Credits and Patronage Dividends** (includes Tri-State G&T and other capital credits)	944,363	2,291,803
NET MARGINS	\$ 3,167,521	\$ 2,846,647

*These financials are based on audited figures.

**Continental Divide estimates it will be at least 20 years after Tri-State Generation and Transmission Association allocates Patronage Capital that the co-op will receive a partial cash distribution.

POWERING *Education* >>

New Scholarship Recipients for 2025-26

Continental Divide's Education Foundation is one of New Mexico's largest cooperative-sponsored scholarship programs. In all, 2,140 students have received over \$5.32 million in scholarships since the Foundation's inception in 1989.

Each year, \$4,000 scholarships are awarded to traditional and non-traditional college students who attend a New Mexico school. Scholarship applications are available at the beginning of the year and are due back to the co-op every March 31st. Below are our 2025-26 new scholarship recipients.

Dereck Burks, Grants High School
Samantha Carlson, Grants High School
Candace Chavez, NMSU
Owen Cucciardi, Grants High School
Katelyn Desiderio, NMSU
Dominick Gonzales, Grants High School
Daniella Herrera, Early College High School
Rocco James Jr., Gallup High School

Celeste Jim, Miyamura High School
Bertha Lopez, NMSU
Noah Lundstrom, Grants High School
Madison Martinez, Miyamura High School
Pauline Mescale, Navajo Technical University
Amber Moreno, NMSU
Donovan Padilla, UNM
Alexandrea Pasamonte, Grants High School

Clyde Quismundo, NMSU
Nicholas Retan, Navajo Tech
Frederika Thomas, Navajo Tech
Nora Torrez, Early College High
Josiah Uriosote, NMSU
Keili Vidales, NMSU
Kiandra Yazzie, Thoreau High School

Red Bolt Growth Continues, New Opportunities Await

Continental Divide's Red Bolt Broadband internet and digital phone service continues to mature as it comes up on its 10th anniversary in 2027.

In 2025 we launched service in San Mateo, deployed new technology to connect apartment complexes and pursued a state grant to provide free Wi-Fi service at parks and other open areas across the greater Grants-Milan area.

While the grant attempt was unsuccessful, we learned about the value of wireless internet and new technology that could help Red Bolt achieve its build-out goals in some of the more remote parts of our service area.

We and other providers throughout the state successfully lobbied a bill before the New Mexico legislature to create a Low-Income Telecommunications Assistance Program.

Viewed as a state-level replacement of the federal government's Affordable Connectivity Program, which ended in 2024, the bill will establish a broadband affordability program by Jan. 1, 2027. It will provide carriers, like Red Bolt, a reimbursement for offering discounted services to qualifying households.

You may recall, that in 2025 we turned the loss of the federal program into an opportunity to create an affordable internet plan called "Access for All" for income-qualified individuals, families and senior subscribers.

The plan provides 100 megabytes per second (Mbps) download speed and 25 Mbps upload for less than \$50. Those who qualify for the federal Lifeline program can reduce their costs even further.

In 2026, we are excited to announce multi-gigabit service plans and our expansion into San Fidel and Cubero.

More details to come, so stay tuned!

RED BOLT BROADBAND
Powered by Continental Divide Electric, your energy and telecommunications cooperative.

SmartHub
Login to view and pay your bill.

Contact Us
Call our office for more information.

Service Area
View the areas that we service.

Speed Simulator
View our bandwidth speed simulator.

Residential Internet

Small Commercial Internet

Large Commercial Internet

Service Area

THE RED BOLT DIFFERENCE
Red Bolt Broadband isn't just internet. It's your solution to reliable and service-oriented connectivity.

QUALITY IT SUPPORT
Our IT support team goes the extra mile to ensure you stay connected to the things that matter to you. With same-day trouble-call, solutions and round-the-clock IT support, you don't have to worry about being technologically stranded. Our team is fast, efficient, and cares about ensuring you have a fast and reliable connection.

Contact Us

In early 2026, we rebuilt our website to make a user's experience more productive and make a stronger connection between the Red Bolt Broadband service and Continental Divide, the provider.

Board of Directors

Keith Gottlieb, President – At-Large Trustee

Lloyd Ortega, Vice President – District 2

Joe Hoskins, Secretary/Treasurer – District 7

Mike Chambers, District 1

Wes Malcolm, District 2

Claudette Romero, District 3

Ben Chavez, District 5

Blanche Clawson, District 6

Vacant, District 8

Management

Robert E. Castillo, P.E., Chief Executive Officer

Rosanne Apodaca, Executive Administrator

Veronica Barela, Chief Financial Officer

Angela Evans, Operations Manager/Safety Officer

Troy McDowell, Telecommunications Manager

Isaac Ramirez, Engineering Services Manager

Victoria Gastonguay, Customer Service Manager

Mac Juarez, Member Relations/Government Affairs Manager

Grants Headquarters

1821 Clif Lear Ave.

P.O. Box 1087

Grants, NM 87020

505-285-6656

www.CDEC.coop

Gallup Office

2500 NM Highway 602

P.O. Box 786

Gallup, NM 87305

505-863-3641



CONTINENTAL DIVIDE
AN ENERGY & TELECOMMUNICATIONS COOPERATIVE

