

Enduring **POWER**

2024 FISCAL YEAR ANNUAL REPORT



CONTINENTALDIVIDE
AN ENERGY & TELECOMMUNICATIONS COOPERATIVE

Building Endurance Today to Face Tomorrow's Challenges



Keith Gottlieb
Board President

In today's rapidly evolving landscape, smart energy policies that keep the lights on are more important than ever.

Federal and state policies significantly impact the

generation and regulation of electricity.

Issues such as wildfire liability and permitting processes are slowing the advancement of new-generation projects, even as demand escalates at an unprecedented pace.

Improving wildfire protections and expediting rights-of-way approvals would help the cooperative community expand and harden generation, transmission, distribution, and, increasingly, storage systems to better respond to the surging demand.

Nationally, demand is projected to grow by 38 gigawatts between now and the end of the decade. Put in perspective, that is

like adding another California-sized state to our nation's power grid.

We are committed to meeting these challenges head-on. During the legislative session which ended in March, we fought side-by-side with the New Mexico Rural Electric Cooperative Association to ensure electricity and telecommunications remain safe, reliable and affordable.

Our board and management continue participating in state, regional and national meetings to monitor developments that could affect our ability to provide cost-effective power and sound service to our members. Prudent decision-making is contingent upon such information.

It's not easy. When issues arise that require attention, you let us know by talking directly with management or your district director.

We know inflation has impacted everyone, and our Co-op is no different. Despite increasing costs for our materials and services, we continue looking for ways to streamline processes and lower expenses while improving the value we deliver to our members. These efforts will continue to be a priority.

In keeping with our commitment to sound financial management, we retired \$1.7 million in capital credits, putting money back in the hands of our members.

Beyond delivering electricity, 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.

This year, we surpassed the \$5-million mark in total scholarships awarded from the Continental Divide Education Foundation. We are currently studying ways to distribute that money to more students in the future. In all, more than 2,100 service-area students have benefited.

This year, we should pass the \$500,000 mark in total rebate money given to Co-op members who have purchased and installed energy-efficient electric products since 2006.

We have surpassed the \$200,000 mark in grant money awarded to local charitable causes since 2012.

It's the people behind the power who are making this difference.

Employee longevity has provided stability for Continental Divide and the communities we serve.

For years, veteran team members have been the backbone of stability in our workplace, fostering trust and confidence among their co-workers. Today, the insights and perspectives of newer, younger employees are increasingly critical to our success.

These team members bring fresh ideas and innovative approaches, helping us adapt to evolving technologies and member needs.

By blending the expertise of long-tenured employees with the eagerness of newer ones, we continue to build strong relationships with members, ensuring personalized and consistent service.

By striving to ensure every employee is respected and empowered, the Co-op can remain rooted in its values while still being forward-thinking for decades.

POWER *that Pays*

It pays to be a Member of Continental Divide, a not-for-profit electric cooperative! In November 2024, our governing board approved the retirement of \$1,727,225 in capital credits. As a result, we mailed nearly 26,000 checks to current and former co-op members* who purchased electricity in 1991 and/or in 2022, the two years of margins retired by Continental Divide.

Capital credits are to cooperative members what dividends are to stockholders of for-profit, investor-owned utilities. Since a co-op does not earn profits, any remaining margins or revenues after expenses are returned to the members in proportion to their electricity usage.

Capital credits are one of the most significant sources of equity, thus reducing a co-op's cost to borrow money. Equity helps us meet expenses, such as paying for new equipment and repaying debt. We put our members' money to work to build a viable system and then return it to them over time in the form of capital-credit checks.

** Only member disbursements in excess of \$5.00 were mailed. Disbursements below the \$5.00 threshold were rolled into future year disbursements.*



2024 “Sharing Success” Grant Winner

St. Joseph Mission School received \$5,000 from Continental Divide and CoBank in August 2024 to make improvements to its garden center.

St. Joseph Mission School Principal Antonio Trujillo said the project teaches children about their ancestral heritage of farming and the science of growing plants. Children experience the results of their labor when the harvest becomes a part of their lunch program. Additionally, the bounty of their harvest is shared with all villages for special holidays.

“St. Joseph’s garden project is a meaningful investment in not only education but also the environment,” Continental Divide CEO Robert E. Castillo said at the time of the award.

Left to right is Keith Gottlieb, president of Continental Divide’s governing board, Antonio Trujillo, principal of St. Joseph Mission School and Esther Simon, vice president at CoBank.

Rebates, Grant Money Continue to Flow Back to Members

Cooperatives adhere to seven guiding principles, one of which is “concern for community.” At Continental Divide, we demonstrate this principle through rebates and grants.

Rebates. In 2024, our co-op gave back \$50,046 to members who purchased and installed eligible energy-efficient electric products. Additionally, we awarded \$20,679 in grant money to local charitable causes.

Purchases of heat pump equipment continued to account for the most rebate money—\$15,246. 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
- 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.

Grants. In addition to rebates, the co-op 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, Sharing Success applications are due by 5 p.m., Thurs., July 3, 2025.

To be considered for a grant, an applicant’s project must benefit a service-area community in one or more of the following ways:

- Energy Efficiency and/or Renewable Energy
- Education
- Environment
- Economic Development

These same guidelines are generally used to determine the Co-op’s participation in charitable contributions. We encourage organizations to submit letters outlining requests, which are reviewed and granted at Continental Divide management’s discretion. Some require the Co-op’s board approval. We must receive charitable requests at least three weeks before an event, fundraiser or need.

You can find full details about charitable contributions, the Sharing Success grant and rebate-eligible electrical products on our website and at our Grants and Gallup offices.

POWER by the Numbers (As of 12/31/2024)



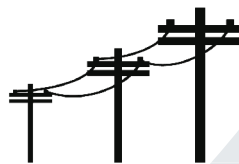
85

Employees



279

New Services
Connected



3,843

Miles of
Energized Line



23,382

Total Number
Meters



64,673

Poles



600.3

Million Kilowatt
Hours (kWh) Sold

Wildfire Safety, Smart Grid and Telecom Remain Priority; Ris



Robert E. Castillo
Chief Executive
Officer

The recent devastating fires in Los Angeles reinforced the reality that wildfires can occur in any location – rural or urban.

Our electric cooperative is committed to advancing policies and practices safeguarding our communities.

This year, Continental Divide's tree trimmers are focusing primarily on our Bluewater and Smithlake Substation circuits and hot spots elsewhere identified through inspections.

In addition, we are conducting a pilot program to identify vegetation-related ignition points, measure their impact, analyze their spread, identify fire breaks and quantify wildfire risk.

This pilot will assist with future tree-trim planning, hot-spotting, pruning prioritization, vegetation density analysis and scenario-based budget planning.

We are also investing in grid resilience and modernization to help minimize fire risk and reduce operational expenses over time.

Once fully operational, our advanced metering infrastructure system will allow real-time monitoring of power service for unexpected circumstances that could pose risks to homes, businesses and wildlands.

Continental Divide plans to inspect about 6,800 utility poles this year in the areas of Thoreau, Bluewater, Iyanbito and a portion of Smithlake. We will replace potentially hazardous poles immediately, followed by lower-priority replacements throughout the year.

A transition towards a modernized grid optimizes existing and new technologies. The backbone of our transition continues to be deployment of fiber-optic communication lines and equipment.

This year, we are focusing on completing our fiber-optic network expansion to San Mateo, San Fidel and Cubero, which will ensure seamless connectivity across our distribution grid and fiber communication at all remaining Supervisory Control and Data Acquisition system (SCADA) locations for real-time voltage and power quality control throughout our electrical system.

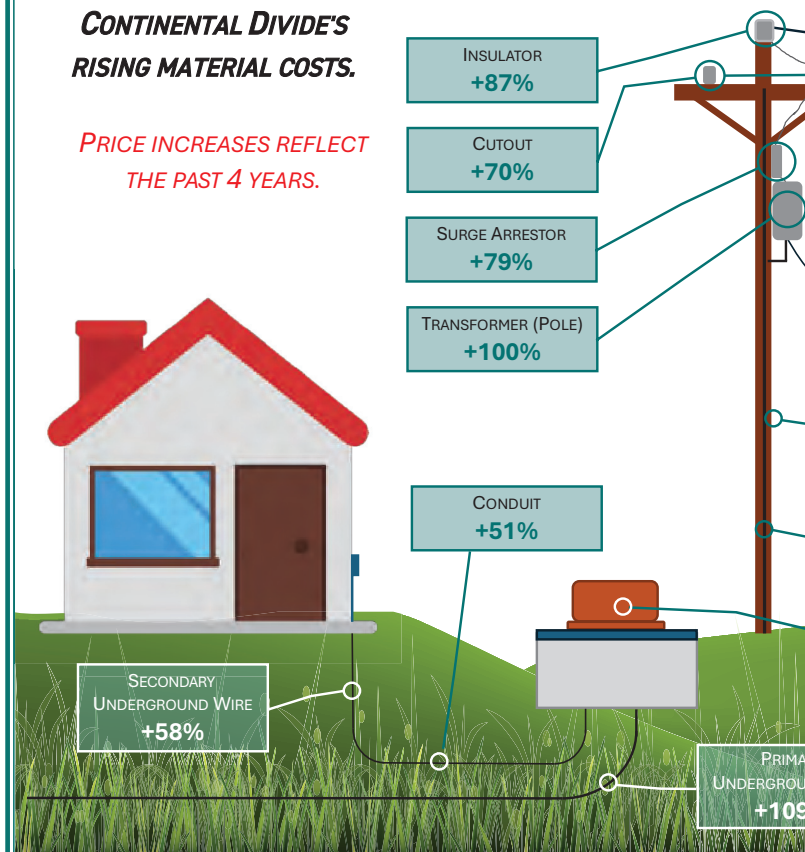
These improvements will enhance fault detection and response capabilities, minimizing outage durations and improving reliability. The infrastructure will be scalable to support Continental Divide's future smart-grid advancements. San Mateo, San Fidel and Cubero will also have access to Red Bolt Broadband, our Co-op's fast, symmetrical-speed internet service.

Earlier this year, we surpassed 6,000 internet and digital phone subscribers. In partnership with Socorro Electric Cooperative, our sister co-op, we also launched service in Magdalena, N.M., west of Socorro.

In 2022, the state Office of Broadband Access and Expansion (OBAE) awarded Socorro Electric \$5.09 million in Connect New Mexico Pilot program grant money. Socorro matched that funding with \$2.38 million to build the telecommunication infrastructure necessary for Magdalena to connect with Red Bolt's network.

HERE'S A BREAK DOWN OF CONTINENTAL DIVIDE'S RISING MATERIAL COSTS.

PRICE INCREASES REFLECT
THE PAST 4 YEARS.



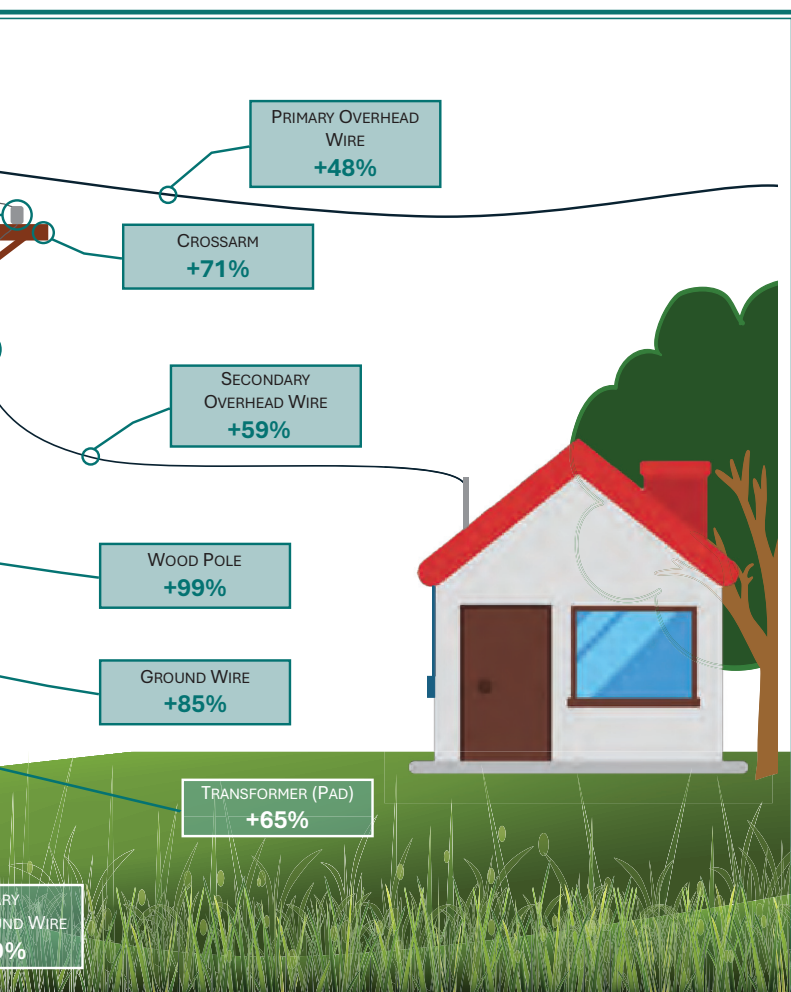
In 2024, Continental Divide had an opportunity to expand service to the Belen area about 40 miles north of Socorro. But we felt it was in the best interest of the co-op and its membership to turn down the grant money and focus on completing buildout and service to the rest of Continental Divide's electric consumer-members.

At Continental Divide, our mission goes beyond providing safe, reliable and affordable electricity to homes and businesses. We take pride in being a vital part of the communities we serve and dedicate ourselves to fostering positive changes and supporting our members. Whether through donations, education initiatives,

POWER of Mission

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

ing Costs Blamed on Inflation



energy-saving programs or telecommunication, Continental Divide strives to make a lasting impact on the lives of our members.

An important factor behind our enduring success is employee longevity. The cooperative's steadfast commitment to its employees and their dedication to the organization has created a legacy of trust, expertise and positive impact.

On behalf of our staff, I thank you for taking the time to learn about our ongoing efforts to enhance the quality of life of our membership.

Robert Castillo

POWER of Vision

Dedicated employees working together to connect our communities.

2024 Annual Meeting Minutes

In his report to the membership, Board President Keith Gottlieb explained the fragile state of power generation. In Texas that month (April 2024), for example, power generators were asked to postpone scheduled maintenance to ensure grid reliability, contrary to previous practice, which could threaten reliability.

Population growth, data centers—particularly for AI and crypto-mining—and other technological advancements are fueling power demand in Texas and across the country.

Mr. Gottlieb said the Western Electricity Coordinating Council predicted that all subregions on the Western Grid could be at risk for blackouts as early as 2050. This would likely lead to competition for limited power resources, and accordingly, higher energy rates.

Despite the bleak scenario, state and federal pushes remain for widespread adoption of electric vehicles, even though the energy and charging infrastructure to fuel them is insufficient.

Mr. Gottlieb added that the billions in federal money made available in 2022 through the Inflation Reduction Act cannot effect change as intended without massive regulatory reform. The Co-op continues to urge state and federal lawmakers to overhaul the permitting, siting, and funding of new electric generation, distribution and transmission projects to make their construction more efficient and their completion timelier.

Mr. Gottlieb conveyed the Co-op's successful lobbying efforts during the 2024 legislative session, stating that a bill to allow electric co-ops and for-profit utilities to access Continental Divide's poles and easements without fair compensation and raising jeopardy in safety and reliability was successfully blocked, protecting Co-op members from increased costs.

Mr. Gottlieb reaffirmed the Co-op's support of turning the Escalante Generating Station into a hydrogen hub to support and boost the local economy.

He reflected on the Co-op's renewable efforts, informing members that two local solar facilities had generated 75.6 million kilowatt-hours of electricity since December 2019. He added that the additional solar power generated by Co-op members with net-metered interconnected accounts was more than 891,000 kilowatt-hours, which saved \$89,184 in energy costs.

Mr. Gottlieb ended his report by announcing that the Co-op's governing board intended to retire capital credits to members before the end of the year (2024).

Continental Divide CEO Robert Castillo recognized Co-op staff, field crews and management for their dedication to safe and efficient operations. Mr. Castillo explained that inflation continued to be a factor, driving up energy costs across the country. This year saw the first rate-adjustment attempt in seven years by power provider Tri-State. The proposed new rate would increase the average member's monthly statement by about \$3 to \$4.

Despite inflation and COVID pandemic, the Co-op continues to put members' money to good use, upgrading technology to stay viable and sustainable in the 21st century.

Mr. Castillo reflected on his arrival in 2010, stating he saw a Co-op with great potential, dedicated employees and loyal members.

continued on Page 7

Condensed Balance Sheet

	2024	2023
For the Years Ended December 31, 2024 and 2023		
ASSETS AND OTHER DEBITS		
Utility Plant (Cost of our system)	\$ 165,749,454	\$ 159,069,583
Less: Accumulated Provision for Depreciation	(49,557,603)	(46,200,172)
Net Utility Plant	<u>\$ 116,191,851</u>	<u>\$ 112,869,413</u>
Equity in Associated Organizations	\$ 31,934,616	\$ 29,664,286
Deferred Compensation Investment	1,039,700	940,522
Investment in Subsidiary	10,495,050	10,495,050
Other Property, Investments, Funds	-	-
Current and Accrued Assets:		
Cash – General	5,415,602	5,426,814
Consumer Accounts Receivable	9,229,578	7,592,107
Material and Supplies	9,011,168	10,700,416
Other Current and Accrued Assets	366,768	212,702
Total Current and Accrued Assets	<u>\$ 24,023,115</u>	<u>\$ 23,932,039</u>
Deferred Debits	<u>\$ 271,683</u>	<u>\$ 419,221</u>
TOTAL ASSETS AND DEBITS	<u><u>\$ 183,956,015</u></u>	<u><u>\$ 178,320,530</u></u>
LIABILITIES AND OTHER CREDITS		
Total Member and Patron Equities	\$ 80,761,525	\$ 77,776,032
Long-Term Obligations to Lenders:		
Rural Utilities Service (RUS)	57,447,488	54,605,065
Cooperative Finance Corporation (CFC)	10,130,782	10,287,724
Finance New Mexico	14,377,871	15,035,000
Accumulated Operating Provisions	3,363,187	5,229,200
Total Current and Accrued Liabilities	13,586,775	15,366,425
Deferred Credits	<u>\$ 4,288,387</u>	<u>\$ 21,084</u>
TOTAL LIABILITIES AND CREDITS	<u><u>\$ 183,956,015</u></u>	<u><u>\$ 178,320,530</u></u>

2024 Minutes (cont'd)

He recalled that the Co-op didn't even accept electronic forms of payment back then. Thankfully that changed, followed by the Co-op's formation of Red Bolt Broadband in 2017.

Today, nearly 5,400 households and businesses have Red Bolt's affordable, reliable fiber-optic internet and digital phone service. Soon, services will be in San Mateo and Oso Ridge La Jara subdivision.

Mr. Castillo thanked Co-op members for their interest and Continental Divide employees for their efforts.

Dakota Gage, senior auditor for Bolinger, Segars, Gilbert, and Moss LLP, presented the 2023 Fiscal Year Annual Report and reported a clean bill of financial health for Continental Divide.

Total revenue was \$68.7 million in 2023, compared to \$64.7 million in 2022. Total expenses were \$65.8 million in 2023, compared to \$63.6 million in 2022.

District 5 was the only contested race for the director seat. The number of members needed for a quorum in that district was 35. The total registered to vote was 108. Therefore, a quorum was met. Mr. Ben Chavez received the majority votes and was elected District 5 director.

Blanche Clawson, incumbent District 6 director, ran unopposed. As such, she would serve another term.

No candidates ran for the vacant District 8 director seat.

Continental Divide's governing board did not take official business actions during the meeting. The Co-op registered 534 members, but it needed 539 to establish a quorum. As a result, proposed bylaw amendments did not pass.

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

For the Years Ended December 31, 2024 and 2023

	2024	2023
OPERATING REVENUE		
Residential	\$ 24,083,605	\$ 23,707,379
Small Commercial	5,880,481	5,989,014
Large Commercial	31,640,084	30,705,812
Other	6,311,146	8,346,800
TOTAL OPERATING REVENUE	\$ 67,915,316	\$ 68,749,005
OPERATING EXPENSES		
Purchased Power	\$ 42,316,622	\$ 41,970,979
Operating Expenses	17,170,388	16,027,301
Non-Operating Expenses:		
Depreciation and Amortization Expense	6,240,798	5,849,628
Interest on RUS/CFC Loans	2,628,184	1,959,389
TOTAL OPERATING EXPENSES	\$ 68,355,992	\$ 65,807,298
Operating Margins	\$ (440,675)	\$ 2,941,708
Non-Operating Margins		
(includes interest on investments)	995,519	448,756
Capital Credits and Patronage Dividends*		
(includes Tri-State G&T and other capital credits)	2,291,803	372,281
NET MARGINS	\$ 2,846,647	\$ 3,762,745

*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.

POWER of Membership

New Scholarship Recipients for 2024-25

Continental Divide's Education Foundation is one of the state's largest cooperative-sponsored scholarship programs. In all, 2,064 students have received over \$5 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 2024-25 new scholarship recipients.

Tiarra Benally, UNM
Krysta Brunson, Early College H.S.
Evelyn Burks, Grants H.S.
Isabella Cooper, Grants H.S.
Tyler Everhart, NMSU
Aurora Gamboa, Piedra Vista H.S.
Ananna James, Miyamura H.S.
McKenzie Jimenez, UNM
Theryn Kee, N.M. Tech
Aleeya Lambson, Ramah H.S.

Nyah Lewis, Middle College H.S.
Keyla Lopez, UNM
Shelbie Martinez, Grants H.S.
Larry Meador, Grants H.S.
Erika Medina, Grants H.S.
Alexia Munson, Grants H.S.
Jeremy Padilla, NMSU
Adriana Pahe, Thoreau H.S.
Jasmine Pena, Grants H.S.
Mateo Poncho, S.F. Indian School

Diontaye Riley, Laguna-Acoma H.S.
Asija Tafoya, NMSU
Isaiah Tena, Grants H.S.
Abriyah Urioste, Grants H.S.
Faith Valdez, Grants H.S.
Alisha Vallejos, Grants H.S.
Hanna Watkins, Grants H.S.
Leila Wills, Grants H.S.
Tegwyn Wilson, Grants H.S.

Red Bolt Connects with People in More Ways Than One

Continental Divide's Red Bolt Broadband internet and digital phone service in 2024 had two goals: increasing our presence in the communities we serve and enhancing our customer support.

We turned the end of the federal government's Affordable Connectivity Program (ACP) 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 bring down their cost even more.

Red Bolt created a new Gamer Plan for gamers with more extensive bandwidth needs. Instead of jumping to our next available and costlier 1,000 Mbps Giga Plan, gamers can enjoy 600 Mbps.

One of the benefits all accounts now receive is a public IP address. IP addresses are how devices and websites communicate with one another and how the information you're looking for knows where to find you. Using a public IP address to connect to the internet is like using a P.O. box for your snail mail (rather than giving out your home address); it reduces the time it takes your devices to send and receive information on the internet.

We introduced new pricing earlier this year to continue delivering robust, reliable service that exceeds your expectations.

Remember, our fiber network sends a wired signal directly to your home, guaranteeing symmetrical (the same) upload and download speeds. This is the unmatched strength of fiber-optic broadband. Fixed wireless internet providers, satellite and 4G/5G services are not technologically capable of achieving such reliability.

We pride ourselves on providing such unparalleled service. Most providers will stress fast download speed in their advertising,



IT Specialist Terrell Hocker instructs a class on computer literacy and connection basics. Community education was an area of focus in 2024 for Red Bolt Broadband.

when in fact data traffic becomes bottlenecked from slow upload speed. This is why symmetrical upload and download speed is very important to a fast connection.

Red Bolt's growth plans in 2025 include finishing service connections in Magdalena, N.M., west of Socorro, San Mateo, San Fidel and Cubero.

"We will be exploring partnership opportunities. The end goal is to eventually offer Red Bolt to all of our electric service members," Continental Divide Telecommunications Manager Troy McDowell said.

Board of Directors

Keith Gottlieb, President – At-Large Trustee

Claudio Romero, Vice President – District 3

Joe Hoskins, Secretary/Treasurer – District 7

Mike Chambers, District 1

Wes Malcolm, District 2

Lloyd Ortega, District 4

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

Lee Maestas, Engineering Services Manager

Victoria Gastonguay, Customer Service Manager

Mac Juarez, Member Services Manager

Donna Venable, Rates and Regulatory Manager



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