

# enchantment

The Voice of New Mexico's  
Rural Electric Cooperatives

**LEA COUNTY ELECTRIC  
COOPERATIVE, INC.**

## **2024 ANNUAL REPORT**

***Bring your personalized registration  
card on the back cover for faster  
registration.***

### **Annual Meeting Registration Card**

Lea County Electric Cooperative, Inc.



P. O. Drawer 1447  
Lovington, NM 88260

Member Name  
Member Address  
Member City, State Zip



**Be sure to bring this card with you to register at the meeting.**

# NOTICE OF ANNUAL MEETING



**Dan Hardin**

TO: All Members of Lea County Electric Cooperative, Inc.

Notice is hereby given that the 2025 Annual Meeting of Members of Lea County Electric Cooperative, Inc. will be held Friday, April 25, 2025, with registration from 8:00 a.m. to 5:00 p.m., MDT, at 1300 W. Avenue D, Lovington, New Mexico, the Lea County Electric Cooperative's main office, in a drive-through process, or at the following locations during business hours at the Tatum district office, at 203 South Main Street, Tatum, New Mexico, or at the Plains district office, at 1547 U.S. Highway 82, Plains, Texas. Said meeting complies with the adopted bylaws of the Cooperative.

The business session of the meeting will be streamed live on the Lea County Electric Facebook page at 6:00 p.m., MDT, at which the following will be addressed: 1) the establishment of a quorum; 2) a reading of the Secretary's Notice of the meeting and proof of mailing to members; 3) approval of minutes of the 2024 Annual Meeting; presentation and consideration of reports from officers, trustees, and committees; 4) transaction of such other business as may come before the meeting; and 5) an election by the membership of two Trustees one from District One and one from District Six for the year 2025 Annual Meeting.

Pursuant to Article IV, Section 4 of the Bylaws, a Committee on Nominations was appointed and met on March 11, 2025, at 5:30 p.m. for the purpose of placing in nomination candidates for the election of two Trustees: one from District One and one from District Six for the 2025 meeting. A list of said nominations of Trustees was prepared and posted at the office of Lea County Electric Cooperative, Inc., 1300 West Avenue D, Lovington, New Mexico, and each district office.

According to the bylaws, other nominations may be made by petition signed by 15 or more members acting together no less than 20 days prior to the date of the annual meeting of members. A list of any nominations by petition will likewise be prepared and posted. All nominations, including those by the Committee on Nominations and those by petition, will be submitted to and acted upon by the membership at the Annual Meeting. A statement of the number of Trustees to be elected and the names and addresses of the candidates (the nominations made by the Committee on Nominations and nominations made by petition, if any, being listed separately as required in the bylaws) will be mailed to the members with this Notice of the Annual Meeting.

Article III, Section 5 of the Bylaws states in part: Each person who otherwise qualifies and who wishes to vote shall register for the member meeting and shall be entitled to only one vote on each matter submitted to a vote at a Meeting of the Members. Voting persons other than members who are natural persons shall be allowed by the presentation to the Cooperative, prior to or upon registration at each Member Meeting, of satisfactory evidence entitling the person presenting the same to vote. Voting authorization forms are available at the Cooperative's main office at 1300 West Avenue D, Lovington, New Mexico, and at the district offices in Tatum and Plains or by calling 575-396-3631.

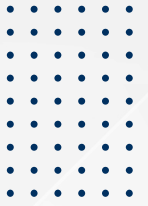
IN WITNESS WHEREOF, this Notice has been issued by the Secretary-Treasurer of the Lea County Electric Cooperative, Inc., and its corporate seal hereon impressed this 21st day of March 2025.

A handwritten signature in black ink that reads "Dan Hardin". The signature is written in a cursive, flowing style.

Dan Hardin, Secretary-Treasurer



# BOARD OF TRUSTEES



**JOHN GRAHAM**  
President  
District 1  
Spouse: Jeanine  
Occupation: Businessman/  
Newspaper Publisher



**TRAVIS GLENN**  
District 3  
Spouse: Tonya  
Occupation: Businessman



**ROBERT CAUDLE**  
Vice President  
District 1  
Occupation: Landman



**RANDALL MCCORMICK**  
District 5  
Spouse: Sandra  
Occupation: Businessman



**DAN HARDIN**  
Secretary-Treasurer  
District 4  
Spouse: Sandy  
Occupation: Retired Finance



**C.J. KINSOLVING**  
District 6  
Spouse: Kaitlin  
Occupation: Ranching



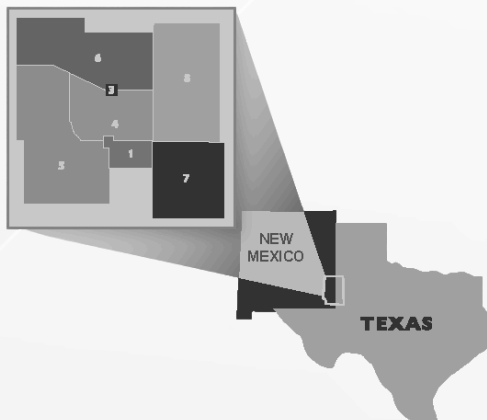
**KENNETH WALLACE**  
District 1  
Spouse: Elaine  
Occupation: Businessman/  
Oil & Gas Services



**CHARLES W. GARNER II**  
District 7  
Spouse: Christy  
Occupation: Farming & Ranching



**JASON SWANN**  
District 8  
Spouse: Erin  
Occupation: Banking



# YEAR IN REVIEW



**John Graham**



**Bobby Ferris**

At Lea County Electric Cooperative (LCEC), our dedication to community involvement and responsible growth embodies the seventh cooperative principle of "Concern for Community." While our main focus is serving our members, our efforts extend beyond just providing affordable, safe and reliable energy. LCEC strives to significantly impact local development through various outreach and educational programs.

In 2024, LCEC contributed over \$44,000 to local events, including the Lea, Yoakum, and Gaines County Junior Livestock sales, supporting the ambitions of dedicated young individuals. Engaging with youth is a core value of our cooperative, as seen in our sponsorship of students like Ava Slover and Alyse Benard, participants in the Government-in-Action Youth Tour. We also prioritize safety education through initiatives like the Statewide Safety Coloring Contest, which effectively educates children about electrical safety.

Education is a key focus of our mission. The Lea County Electric Education Foundation awarded \$368,000 in scholarships to 46 local students in 2024, demonstrating our steadfast commitment to youth development. Our Bright Ideas grant program further bolsters education by funding innovative classroom projects. This year we awarded \$9,179 to six creative educators.

Through partnerships with CoBank's Sharing Success matching grant program, LCEC has collaborated with various non-profits, securing \$15,000 in grants for organizations like the Lovington Food Coalition, Tatum EMS, and Backpack for Kids of First Baptist Church Plains. Our active involvement in civic organizations, and various community initiatives underscores our dedication to fostering a vibrant community spirit. We also participated in the Special Olympics family festival fundraiser, supporting the Lea County Special Olympics Program. During the holiday season, we teamed up with the Toy Tee Hostesses to provide gifts to over 335 children from 110 families in need.

Our Marketing and Member Services Department has been dedicated to serving our members throughout the year, organizing member appreciation cookouts, serving hamburgers to members in Lovington, Plains, and Tatum. Additionally, they have collaborated with the Safety Department to conduct safety demonstrations at Farm Safety Days and the Lea County Fair, educating youth about electrical safety.

Our Administration, Safety, and Compliance Department has achieved significant milestones this year, focusing on improving facilities, enhancing security, and providing greater convenience for our members. Major renovations are underway at our main office to enhance safety and security, including the addition of a second drive-thru lane for more efficient transactions.

The Information Technology Department has worked on enhancing cyber security and upgrading entry security access at our Main Office and Systems Operations buildings to protect our members and LCEC's information.

As a cooperative, we demonstrate our commitment to giving back through the Board of Trustees' approval to retire capital credits totaling over \$1.86 million in 2024. Our year-to-date contributions have exceeded \$67 million, showcasing our continued dedication to both current and former members. This underscores our duty as a cooperative.

Our LCEC Grant Team, comprised of employees from every department, has been working on the Wildfire Assessment and Resilience for Networks (WARN) Grant project. Through Holy Cross Electric Coop, LCEC has been awarded a \$10,000,000 grant from the Department of Energy (DOE) to strengthen our grid over the next five years. Projects under this grant include enhanced pole inspections and replacements, breaker and recloser upgrades, raptor protection installation, infrared substation inspection, advanced metering infrastructure upgrades, Supervisory Control and Data Acquisition (SCADA) enhancements at the Bronco Substation, and electronic relaying and communication upgrades from substations to our control center. This material is based upon work supported by the U.S. Department of Energy's Grid Deployment Office, Award Number DE-GD0000885.

LCEC is proud to be a cooperative serving our member owners. Our goal is to provide exceptional service in a timely and safe manner. We appreciate the support of each of our members. Thank you for choosing Lea County Electric Cooperative, Inc.

**John Graham**  
President  
Board of Trustees

**Bobby Ferris**  
Executive Vice President  
& General Manager



# STATEMENTS OF INCOME

LEA COUNTY ELECTRIC COOPERATIVE, INC.

## STATEMENTS OF INCOME, COMPREHENSIVE INCOME, AND PATRONAGE CAPITAL FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	Years Ended December 31,				
	2024		2023		Increase (Decrease)
	Amount	%	Amount	%	
OPERATING REVENUES					
Residential	\$ 12,901,329	12.2	\$ 12,846,729	12.5	\$ 54,600
Irrigation	14,603,616	13.7	14,643,296	14.1	(39,680)
Commercial and Industrial	77,395,917	72.7	80,520,631	77.8	(3,124,714)
Public Buildings and Other Authorities	1,535,183	1.4	1,578,299	1.5	(43,116)
Unbilled Revenue	129,875	0.1	120,376	0.1	9,499
Power Cost (Over) Under Collected	1,523,133	1.4	(3,942,608)	(3.8)	5,465,741
Deferred Revenue	(2,400,000)	(2.3)	(3,000,000)	(2.9)	600,000
Other Operating Revenues	839,271	0.8	772,002	0.7	67,269
Total Operating Revenues	\$ 106,528,324	100.0	\$ 103,538,725	100.0	\$ 2,989,599
OPERATING EXPENSES					
Purchased Power	\$ 78,012,778	73.2	\$ 77,234,845	74.6	\$ 777,933
Transmission	1,072,824	1.0	1,325,263	1.3	(252,439)
Distribution - Operation	6,526,720	6.1	7,013,515	6.8	(486,795)
Distribution - Maintenance	1,631,883	1.5	1,452,517	1.4	179,366
Customer Accounts	1,113,561	1.0	1,071,300	1.0	42,261
Customer Service and Information	29,196	0.0	47,368	0.0	(18,172)
Sales	4,272	0.0	4,403	0.0	(131)
Administrative and General	5,779,886	5.4	4,829,725	4.7	950,161
Depreciation and Amortization	5,284,235	5.0	5,113,028	4.9	171,207
Cost of Removal	2,734,665	2.6	2,663,383	2.6	71,282
Interest Credit - Cost of Removal					
Restricted Funds Earnings	(1,572,043)	(1.5)	(1,392,702)	(1.3)	(179,341)
Taxes	162,311	0.2	332,831	0.3	(170,520)
Other Interest and Deductions	126,931	0.1	196,508	0.2	(69,577)
Total Operating Expenses	\$ 100,907,219	94.6	\$ 99,891,984	96.5	\$ 1,015,235
OPERATING MARGINS - Before					
Fixed Charges	\$ 5,621,105	5.4	\$ 3,646,741	3.5	\$ 1,974,364
FIXED CHARGES					
Interest on Long-Term Debt	2,148,393	2.0	2,143,262	2.1	5,131
OPERATING MARGINS - After					
Fixed Charges	\$ 3,472,712	3.4	\$ 1,503,479	1.4	\$ 1,969,233
Capital Credits	4,089,508	3.8	4,998,726	4.8	(909,218)
NET OPERATING MARGINS					
	\$ 7,562,220	7.2	\$ 6,502,205	6.2	\$ 1,060,015
NONOPERATING ITEMS					
Investment Income (Loss)	\$ 1,352,122	1.3	\$ 2,037,021	2.0	\$ (684,899)
Gain (Loss) on Sale of Property	(393,367)	(0.4)	(10,454)	0.0	(382,913)
	\$ 958,755	0.9	\$ 2,026,567	2.0	\$ (1,067,812)
NET MARGINS					
	\$ 8,520,975	8.1	\$ 8,528,772	8.2	\$ (7,797)
OTHER COMPREHENSIVE INCOME (LOSS)					
Current Year APBO Valuation Adjustment	231,197		314,316		
Post-Retirement Benefit Amortization	(843)				
COMPREHENSIVE INCOME					
	\$ 8,751,329		\$ 8,843,088		
Post-Retirement Benefit Adjustment	(230,354)		(314,316)		
PATRONAGE CAPITAL - BEGINNING OF YEAR					
	105,255,443		99,566,558		
Transfer to Other Equities	1,441,245		973,433		
Patronage Capital Retired	(1,988,159)		(3,813,320)		
PATRONAGE CAPITAL - END OF YEAR					
	\$ 113,229,504		\$ 105,255,443		

See accompanying notes to financial statements.

# BALANCE SHEETS

LEA COUNTY ELECTRIC COOPERATIVE, INC.

## BALANCE SHEETS DECEMBER 31, 2024 AND 2023

### ASSETS

	December 31,	
	2024	2023
<b>UTILITY PLANT AT COST</b>		
Utility Plant in Service	\$ 257,766,256	\$ 256,960,617
Construction Work in Progress	13,545,233	7,651,218
Contributions in Aid of Construction	(62,832,184)	(61,613,071)
	<u>\$ 208,479,305</u>	<u>\$ 202,998,764</u>
Less: Accumulated Provision for Depreciation	83,360,779	85,047,120
	<u>\$ 125,118,526</u>	<u>\$ 117,951,644</u>
<b>OTHER PROPERTY AND INVESTMENTS</b>		
Non-Utility Property (At Cost)	\$ 46,482	\$ 46,482
Investments in Associated Organizations	46,149,070	42,200,496
Other Investments	6,281,946	6,295,568
Special Funds - Restricted	42,547,003	41,024,431
Employee Benefit Funds - Restricted	2,865,863	2,561,227
Post-Retirement Benefits	3,480,936	3,031,518
	<u>\$ 101,371,300</u>	<u>\$ 95,159,722</u>
<b>CURRENT ASSETS</b>		
Cash	\$ 1,861,911	\$ 434,775
Temporary Investments - Cash Equivalents	6,013,423	8,727,157
Restricted Temporary Investments - Cash Equivalents	5,400,000	3,000,000
Other Temporary Investments	6,846,303	12,091,102
Accounts and Notes Receivable	5,942,512	8,504,697
Allowance for Credit Losses	(295,111)	(372,728)
Accrued Unbilled Revenue	7,784,214	7,654,339
Power Cost - Under Collected	370,373	
Materials and Supplies	9,252,320	6,435,102
Other Current and Accrued Assets	565,073	592,423
	<u>\$ 43,741,018</u>	<u>\$ 47,066,867</u>
<b>DEFERRED CHARGES</b>	<u>\$ 132,848</u>	<u>\$ 853,839</u>
<b>TOTAL ASSETS</b>	<u>\$ 270,363,692</u>	<u>\$ 261,032,072</u>

### EQUITIES AND LIABILITIES

<b>EQUITIES</b>		
Memberships	\$ 36,820	\$ 36,360
Patronage Capital	113,229,504	105,255,443
Accumulated Other Comprehensive Income	602,137	371,783
Other Equities (Deficits)	(317,982)	1,123,263
	<u>\$ 113,550,479</u>	<u>\$ 106,786,849</u>
<b>LONG-TERM DEBT</b>		
RUS Notes Less Current Maturities	\$ 4,987,831	\$
FFB Notes Less Current Maturities	71,420,940	74,122,405
CFC Mortgage Notes Less Current Maturities	242,646	464,945
CoBank Mortgage Notes Less Current Maturities	79,483	406,504
	<u>\$ 76,730,900</u>	<u>\$ 74,993,854</u>
<b>COST OF REMOVAL LIABILITY</b>	<u>\$ 49,783,242</u>	<u>\$ 48,283,808</u>
<b>CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Debt	\$ 3,185,856	\$ 2,940,434
Accounts Payable - Purchased Power	6,512,512	5,859,519
Accounts Payable - Other	1,867,929	1,327,047
Power Cost - Over Collected		1,152,759
Consumer Deposits	2,674,420	2,730,207
Other Current and Accrued Liabilities	2,065,247	1,758,309
	<u>\$ 16,305,964</u>	<u>\$ 15,768,275</u>
<b>DEFERRED CREDITS</b>	<u>\$ 13,993,107</u>	<u>\$ 15,199,286</u>
<b>TOTAL EQUITIES AND LIABILITIES</b>	<u>\$ 270,363,692</u>	<u>\$ 261,032,072</u>

See accompanying notes to financial statements.



# STATEMENTS OF CASH FLOWS

LEA COUNTY ELECTRIC COOPERATIVE, INC.

## STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

	December 31,	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Margins	\$ 8,520,975	\$ 8,528,772
Adjustments To Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities		
Depreciation	5,594,584	5,522,043
Deferred Revenue	2,400,000	3,000,000
Cost of Removal Accruals - Gross	2,734,665	2,663,383
Post-Retirement Benefits	(169,058)	(108,604)
Capital Credits	(4,089,508)	(4,998,726)
Power Cost Recovery	(1,523,132)	3,942,607
Deferred Charges	720,991	(194,411)
Deferred Credits	(3,606,179)	2,196,653
Accounts and Notes Receivable	2,354,693	1,338,789
Inventories and Prepaid Expenses	(2,789,868)	(2,420,875)
Payables and Other Accrued Liabilities	1,445,026	(4,860,179)
Net Cash From Operating Activities	\$ 11,593,189	\$ 14,609,452
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Additions to Utility Plant	\$ (13,048,075)	\$ (10,899,689)
Cost of Removal Incurred	(1,260,215)	(1,743,211)
Contributions and Other Additions to Cost of Removal	24,984	41,398
Salvage and Other Credits	286,609	44,165
Other Property and Investments	3,572,147	(5,343,531)
Net Cash From Investing Activities	\$ (10,424,550)	\$ (17,900,868)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Long-Term Debt to RUS	\$ (1,229)	\$
Payments on Long-Term Debt to FFB	(2,492,422)	(2,426,803)
Payments on Long-Term Debt to CFC	(210,860)	(201,487)
Payments on Long-Term Debt to CoBank	(313,021)	(297,879)
Advance on Long-Term Debt from RUS	5,000,000	
Payments on Behalf of Retirees	(50,006)	(45,010)
Retirement of Patronage Capital	(1,988,159)	(3,813,320)
Memberships	460	(40)
Net Cash From Financing Activities	\$ (55,237)	\$ (6,784,539)
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	\$ 1,113,402	\$ (10,075,955)
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>12,161,932</u>	<u>22,237,887</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 13,275,334</u>	<u>\$ 12,161,932</u>
<b>CASH AND CASH EQUIVALENTS CONSISTED OF:</b>		
Cash	\$ 1,861,911	\$ 434,775
Temporary Investments - Cash Equivalents	6,013,423	8,727,157
Restricted Temporary Investments - Cash Equivalents	5,400,000	3,000,000
Total Cash and Cash Equivalents	<u>\$ 13,275,334</u>	<u>\$ 12,161,932</u>
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Cash Paid During the Year for:		
Interest on Long-Term Debt	\$ 2,148,393	\$ 2,143,262
Income Taxes	\$ 0	\$ 0

See accompanying notes to financial statements.

# Annual Meeting Registration Card

Lea County Electric Cooperative, Inc.



P. O. Drawer 1447  
Lovington, NM 88260

Member Name  
Member Address  
Member City, State Zip



Be sure to bring this card with you to register at the meeting.

## The Lea County Electric Cooperative, Inc. Board of Trustees

Cordially invites you to join us at our

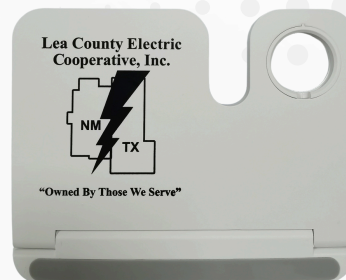
## 76TH ANNUAL MEETING OF THE MEMBERS

Friday, April 25, 2025

**GRAND PRIZE:**

**\$2,500**

**REGISTRATION GIFT:**



*3-IN-1 Folding  
Charging Station*

*While supplies last.*

Register at any LCEC office during business hours on April 25, 2025, to receive a registration gift, vote, and be entered to win the grand prize. The Lovington, NM office will host a drive-through registration. Tatum, NM, and Plains, TX offices will have lobbies open for registration.

The business portion of the meeting will be on  
Facebook Live at 6:00 p.m. (MDT)