



# Annual Report 2008

2007-08

## Governing Board



**Keith Gottlieb**  
Vice President  
At-Large



**Arsenio Salazar**  
Secretary/Treasurer  
District 4  
NMRECA Director



**Lyle Adair**  
Trustee  
District 8



**Grant Clawson**  
Trustee  
District 6



**Darrel Elkins**  
Trustee  
District 7



**Claudio Romero**  
Trustee  
District 3  
Tri-State Director



**Alfred Saavedra**  
Trustee  
District 5



**George Trujillo**  
Trustee  
District 1

## A Message from the Board President

Delivering a high quality of service was our priority this past year; and I am happy to report we achieved that and other goals at Continental Divide Electric Cooperative.

We implemented changes in our system's infrastructure, our equipment and our co-op employees to ensure the level of service you have come to expect. We have complemented this mission of offering safe, reliable electric service with increased community participation throughout the service area to enhance the quality of life.

Since Continental Divide is not driven by profits, the rate increases you have seen only reflect the cost of power increase we've received from our power supplier, Tri-State Generation and Transmission Association. It's been the co-op's ability to contain controllable expenses and make wise purchasing decisions that has enabled us to return margins in the form of capital credits. In 2007, \$2,411,486 in capital credit checks were issued to those consumers who received power in 1981 and 2004.

I am proud to state that your Continental Divide continues to be a cooperative that has not lost its values. We still function as intended – for the people. As for 2008, we realize the need to strengthen the east side of the system. And we are doing so with a new substation. We also see the need to meet environmental concerns, but yet keep our financial position as strong, if not stronger than it is now. Rest assured. Continental Divide has weathered challenges and change throughout its many years in existence; and we will continue to do so.



**Lynn Head**  
President  
District 2

## From the General Manager's Desk

Reliability of service continues to be the hallmark of Continental Divide Electric Cooperative. Your board of directors spends a significant amount of time at meetings reviewing plans and studying indicators about the system's reliability and the cost of electricity from our power supplier to you – the consumers and owners of the co-op.

In 2007, the board approved \$3.1 million in capital investments – system upgrades and state-of-the-art technology and equipment, so Continental Divide can continue to reduce the number of system outage-hours, which for several years have been on the decline. Again, that improvement can be attributed directly to your board of directors, as well as to the dedication of your line workers and the rest of your co-op employees.

In addition, the co-op does not anticipate its cost of the rate structure to increase in 2008, but political initiatives aimed at "climate change" ultimately will impact electric rates dramatically. Already, forecasters are predicting rates may double or even triple in just a few years. That could have disastrous effects on this country's economy, particularly locally. Still, many governmental leaders believe greenhouse gases – namely carbon dioxide emissions from fossil fuel-fired power plants – can be removed with new technology without inflicting economic pangs.



**Richard Shirley**  
General Manager

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## **THE YEAR AHEAD**

Here are some of the goals for Continental Divide Electric Co-op in the upcoming year:

- Work with state and federal government officials to achieve renewable resource mandates.
- Sign long-term right-of-way agreement with the pueblos of Laguna and Acoma.
- Build a new substation in the San Fidel area.
- Continue to work with various chapters of the Navajo Nation to obtain right-of-way agreements for power line extensions.
- Continue to build on Operation EffCon – an energy awareness and conservation program launched in 2006 – to help consumers better manage their energy costs.
- Continue to identify ways Continental Divide can improve its services to consumers.
- Begin work on a study to determine the feasibility of implementing a SCADA (Supervisory Control and Data Acquisition) system to allow the co-op to electronically monitor loads and outages from a central location.
- Continue upgrading 2.4 kilovolt line to 14.4 kV in the Grants area to better accommodate electrical demand on the system.
- Continue to work with large commercial and industrial consumers to come up with ways to better manage their electrical loads and demand on the system.

## **From the General Manager's Desk (cont'd)**

But many in the energy industry doubt it.

However, the need to utilize alternative energy, such as wind and solar, is definitely needed to help with environmental concerns. And being a part of the solution to these energy issues is very important to Continental Divide. But until large-scale proven technologies are developed, there will be a need for base load energy generated from coal and uranium and, hopefully, current alternative energy sources.

The bottom line: Energy prices will continue to rise. But your board of directors and co-op management are committed to making sure any increases are reasonable and economically viable. And your participation is need. Continental Divide Electric will continue to provide you with information and products beneficial to keeping the lowest rates possible. It is up to you to use energy wisely and efficiently. After all, it is in the best interest of you and your cooperative.

## **THE YEAR REVISITED**

Here are some of the notable achievements by Continental Divide Electric Co-op in the past year:

- Made \$3.1 million in total capital investments – system upgrades and state-of-the-art technology and equipment.
- Completed a \$2.1 million system investment that included a new substation in the Ramah area and upgrades to the existing one in Zuni.
- Surpassed the \$1 million mark in total higher education scholarships awarded to service-area students since 1989 when the co-op initiated its Education Foundation. In 2007, \$136,000 was awarded in scholarships to members and their families.
- Built on the co-op's community-service effort by hosting its first blood drive (August 2007) at the co-op's Grants office. UBS collected 35 units, surpassing a goal of 22 units. A second blood drive was held in October 2007.
- Returned \$2.41 million in capital credits to co-op consumers. Part of that money was returned to newer co-op accounts, as a result of a bylaw change approved at the 2006 Annual Meeting.
- Helped service-area schools raise \$3,600 by providing students 1,800 compact fluorescent light bulbs to sell to consumers. The co-op provided the bulbs at cost, and the schools earned \$2 from sales – \$1 came from buyers and the other came from the co-op.
- Purchased new bucket truck for Gallup service area to improve worker efficiency and safety.
- Continued to install meters with automated readers in rural areas, including Manuelito, Yah Ta Hey, Pinehaven, Crestview, Paguete, Laguna, Cañoncito and Highland Meadows.
- Performed maintenance and upgraded equipment in the Laguna-Acoma area to better protect residents there from equipment failures and power outages.