



Annual Report 2009

2008-09 Governing Board



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A Message from the Board President

As a Touchstone Energy cooperative, we are dedicated to meeting the needs of our members, while upholding four core values. These values are integrity, accountability, innovation and commitment to community.

In 2008, Continental Divide responded to our members' needs by providing the most reliable power at the most affordable price possible.

Your co-op achieved this, in part, by building a new substation in the San Fidel area, making improvements on lines south of Gallup and into Zuni, and returning about \$500,000 in capital credits to those consumers who received power in 2005. These credits, remember, are money collected in excess of annual operating costs, capital improvements and reserves. After all, Continental Divide Electric is, and always will be a not-for-profit cooperative.

In 2009, your co-op will continue its commitment to the principles tantamount to providing outstanding service by focusing efforts and resources on improvements to our mapping and communications technology. As a result, we will be able to more efficiently respond to your requests, as well as system problems.

Finally, we will continue to work closely with our legislators to encourage a cautious, eyes-wide-open approach to future energy policy. We support renewable energy, but we do not want any aggressive legislative action that will saddle you, our members with soaring utility costs as a result.



Lynn Head
President
District 2

From the General Manager's Desk

It's been said that the cheapest kilowatt is the one never used or produced. And in a day and age of global economic instability, this concept could not ring truer.

For years, CDEC was able to recover its costs without having to resort to sweeping adjustments in rates and service fees, only passing to you the increased power costs made by Tri-State Generation & Transmission Association.

That is no longer the case.

In 2008, our cost of service to you rose by more than \$2 million, putting pressure on Continental Divide Electric's retail rates. Upon performing a cost-of-service study, it was concluded that in order to continue to maintain dependable service, while protecting the integrity and financial health of your co-op, we must begin collecting an additional \$1.8 million through rate and service fee adjustments, effective in May.

The average co-op consumer will see a rate increase of about \$5.00 per month. About \$2.00 of that already is being collected through the Purchased Power Cost Adjustment, which allows the co-op to recover fluctuations in the cost of power it buys from Tri-State.

As much as we regret doing so, we have little choice but to adjust rates to cover rising costs.



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 ensure renewable resource and climate control mandates don't pass exorbitant costs to co-op consumers.

- Continue to make progress on completing the co-op's \$20 million, 4-year work plan and updating it accordingly.

- Launch CDEC-TV programming in the Gallup lobby.

- Continue to build on Operation EffCon – an energy awareness and conservation program launched in 2006 – to help consumers better manage their energy costs.

- Review rebate program to determine if energy efficiency credits can be offered on more household appliances and energy-consuming equipment.

- Continue effort to implement 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)

Rest assured your co-op has undertaken several measures to trim costs in these tough economic times.

As a consumer, you, too, have the power to cut costs through conservation and efficient use of energy. By using energy more efficiently, you can help reduce demand; lower not only your monthly bill, but also the co-op's; and become part of the solution to our energy crunch. After all, power bills are a direct reflection of the amount of energy you consume each month.

Finally, continue to stay involved and educated on issues that have a direct impact on future energy costs. There is no way around not having to pay more for electricity. We'll either pay more money to emit current and future levels of traditional energy pollution, or we'll pay more money to develop clean energy technology to harness more of the renewable resources available.

But together, our voices will help hold government action accountable.

THE YEAR REVISITED

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

- Made \$1.2 million in total plant investments – system upgrades and state-of-the-art technology and equipment.

- Completed a \$2.5 million system investment that included a new substation in the San Fidel area.

- Awarded \$137,000 in higher education scholarships to members and their families.

- Returned \$500,000 in capital credits to co-op consumers.

- Sent more than 1,000 e-mail petitions on behalf of CDEC consumers, urging New Mexico's congressional lawmakers to be mindful of cost, capacity and research when it comes to energy policy.

- Helped service-area schools raise \$4,900 by providing students 1,650 energy-efficient holiday LED lights strands to sell to consumers. Schools earned \$3 for each strand sold by students, thanks to matching rebate money made available by CDEC and Tri-State Generation & Transmission Association.

- Continued to install meters with automated readers in rural areas, including Manuelito, Yah Ta Hey, Pinehaven, Crestview, Paguata, 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.

- Created layaway program to help CDEC consumers invest in electric thermal storage heating equipment to cut heating costs.

- Expanded energy credits beyond rebates offered on electric thermal storage heating equipment to now include rebates for consumer purchases of new energy efficient water heaters, split-system air conditioners and electric motors.

- Launched CDEC-TV programming in Grants lobby to help educate consumers about issues affecting them and their co-op.