



CONTINENTAL DIVIDE ELECTRIC COOPERATIVE, INC.

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New Internet Service, HQ Facility Announced at 2018 Annual Meeting

GRANTS, N.M. – Continental Divide Electric unveiled its new high-speed, fiber-optic internet service and plans for its new headquarters facility, during the co-op’s 2018 annual meeting of its membership Sat., April 28, at Grants High School.

The meeting was called to order at 8 a.m. by CDEC Board President Keith Gottlieb. Registration of the members began immediately at that time, along with the annual Cibola General Hospital Health Fair and National Park Service’s 2018 Junior Ranger Day.

“We are extremely pleased with this year’s annual meeting and events! We appreciate our members’ attendance and show of support for our endeavor to upgrade our electric system, including making high-speed broadband available to consumers. We also want to thank those organizations that participated and contributed to the success of our meeting,” CDEC’s Chief Executive officer Robert E. Castillo said. Upon registering, co-op members had an opportunity to experience, first-hand, the speed and quality of CDEC’s new Red Bolt Broadband internet service, including its ability to handle multiple wired and wireless device connections.

During the co-op’s business meeting, Gottlieb informed the audience that CDEC purchased land on the southeast side of Grants, adjacent to the Grants Senior Center, for its new headquarters facility.

“We anticipate that our presence in the Greater Grants Industrial Park, in conjunction with our new fiber-optic infrastructure, will generate interest in additional economic development along that portion of the Interstate 40 corridor,” Gottlieb said.

CDEC did not take any official business actions during the business meeting. CDEC registered 461 members, and it needed 556 to establish a quorum.

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No bylaw amendments were proposed to CDEC's membership, this year. And district elections were uncontested with incumbent trustees Alfred Saavedra of San Rafael (District 5), Grant Clawson of Ramah (District 6) and Lyle Adair of Gamerco (District 8) retaining their seats.

CDEC officials presented annual reports inside the GHS auditorium. Members also heard brief remarks from guest speakers New Mexico Sen. Clemente Sanchez and Rep. Harry Garcia, New Mexico Public Regulation Commissioners Lynda Lovejoy and Patrick Lyons, and Mike McInnes, Chief Executive Officer for Tri-State Generation and Transmission Association.

Elected officials remarked positively on the benefits of fiber-optic internet service being made available by CDEC to its service area. "At the end of the day, when you have broadband internet, that makes people and jobs want to come to our area," Garcia said.

McInnes reported that renewable energy now accounts for 30 percent of the power that Tri-State provides to its 43 member co-ops in New Mexico, Colorado, Nebraska and Wyoming. And, CDEC's power provider is committed to increasing its renewable-energy load, as it becomes more affordable and reliable. "We believe we are doing the things that you and our other members are asking us to do," McInnes said.

In Gottlieb's report as board president, he stated that CDEC has been negotiating a long-term contract with a New Mexico-based company to procure 7.2 megawatts of solar energy, which would be in addition to the 30 percent of renewable power CDEC currently receives from Tri-State.

"We hope to have two solar facilities operational by mid-2019," Gottlieb said. "In addition, we are working with economic development officials and New Mexico state lawmakers on initiatives that will ensure the future of clean coal as a viable energy resource, and to identify opportunities to diversify our region's economy."

Gottlieb also described how fiber-optic communication infrastructure that CDEC is building could be a catalyst for economic opportunities. He compared the scale of the effort to that of rural electrification in the 1930s and 40s. "I am happy to report that Continental Divide is doing its part to narrow the digital divide," Gottlieb said.

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Despite a 3.5-percent rate increase in 2018, CDEC returned more than \$758,000 in patronage capital to its members who received service during the 1990 calendar year. “Since our inception, Continental Divide has returned \$25.8 million in patronage capital to our members,” Gottlieb said.

Castillo, in his report as CDEC’s chief executive officer, spoke of ways that the co-op continues to offset costs and defray future rate increases. For example, in the third quarter of 2017, CDEC negotiated an extension of its wholesale power contract with the City of Gallup. “This contract, first initiated in 2014, now extends through 2025,” Castillo said.

CDEC also generates additional income by charging rent to companies that attach to the co-op’s poles. “The rent that we charge is cost-based and compensates our co-op for the added wear and tear on the poles, that our members would otherwise subsidize,” Castillo said.

And, in addition to the improved efficiencies that will result from the communication upgrades to CDEC’s electrical distribution system, CDEC’s voluntary internet service has great potential for added revenue to the co-op. “We owe it to our members to contain costs and, at the same time, develop new revenue sources, to help defray a portion of those costs,” Castillo said.

CDEC also continues to make significant progress toward securing long-term agreements for distribution and transmission line rights-of-way on tribal lands it serves.

“With the help of Navajo Nation agencies, chapter officials and the Bureau of Indian Affairs, CDEC has made significant progress in streamlining the process to perfect rights-of-way on Navajo Nation land. Most recently, construction started on the Baca Chapter Seewald Powerline Project. The effort to provide service to families living in this area dates back twenty-plus years,” Castillo said.

In the second quarter of 2017, CDEC also reached an agreement in principle with the Pueblo of Zuni for transmission and distribution line rights of way and expects to finalize it in the first half of 2018.

Castillo said that CDEC members could expect to receive a survey soon, by mail, asking members their preference as to which entity – Continental Divide Electric or the Pueblo of Acoma – members would prefer to have own and operate the system within Acoma’s boundaries, going forward. (more)

In December 2017, Acoma Pueblo formally notified CDEC of its intention to take ownership and operation responsibilities of the portion of CDEC's system that resides within the pueblo. The option is part of CDEC's 2014 rights-of-way agreement with Acoma, to settle a dispute over right-of-way renewal fees and trespass claims.

Finally, Adam Bailey, a CPA with auditor Bolinger, Segars, Gilbert & Moss, LLP, reported a clean bill of financial health for CDEC with total revenue of \$61.7 million in 2017, compared to \$59.5 million in 2016. Total expenses last year were \$60.8 million, compared to \$58.3 million in 2016.

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