Kit Carson Electric Cooperative, Inc.



Board of Trustees



Mr. Bobby R.
Ortega
President
District 2



Mr. Cristobal Duran Vice-President District 4



Mr. Bruce Jassman Treasurer District 5



Mr. Jerry Smith Secretary District 5



Mr. Francis Cordova District 1



Mr. Toby Martinez District 1



Mr. Manuel Medina District 1



Mrs. Luisa Valero-Mylet District 1



Mr. Virgil Martinez District 2



Mr. Arthur Rodarte District 3



Mr. Ambrose Mascarenas District 4

CEO Report



Luis Reyes Chief Executive Officer



Alex Romero
Chief Operating Officer

Kit Carson Electric's Board of Trustees and Management are happy to announce that we continue to meet our commitment to our members, continue to provide reliable and affordable electric service, and address the risks and challenges that will face our members now and into the future. With an uncertain and volatile economy and with uncertainty with regulators and legislators with respect to the energy policy we continue to chart a path through our planning processes to ensure we will have the infrastructure and resources to offer reliable electric service in the future, energy efficiency programs, renewable energy resources such as solar and maintenance programs. In 2009, due to the continued economic downsturn in our communities, our state and nationally, our members as well as Kit Carson Electric Cooperative (KCEC) has felt the impact of a poor economy on our energy sales and revenues. We have seen members reduce their electric usage because of both necessity and affordability but also our members are becoming more energy efficient and conservative. In 2010 KCEC applied to the NMPRC for a Rate Increase, the first in 25 years. To help mitigate the impact of the increase, KCEC continues to institute best practices for our Cooperative operations, as well as cost cutting measures and cost containment initiatives to ensure we continue to provide the best customer service at the most affordable cost.

Our energy efficiency programs have focused on promoting energy efficient products such as water heaters, compact fluorescent light bulbs, Convect air heating, electric thermal storage heating units (ETS) and promoting Time of Use use strategies. We encourage our members to continue to take advantage of our products, services, and of our incentive programs. KCEC allocates over \$10,000 annually, for the purpose of giving rebates to our membership on a majority of our products. The ultimate goal of KCEC energy efficiency programs is to lower our member's electric bill, better utilize energy in a cost effective way and to enhance the quality of life for our members. The Board also allocated \$50,000 to our Members helping Members fund to assist low and fixed income in paying their electric bill during these tough economic times.

KCEC is also committed to continue to promote renewable energy. The renewable energy of choice for KCEC and its members has been solar energy and will continue to be into the future. The goal of our solar energy program is to make solar energy affordable and accessible to every member of the Cooperative. It is our goal and mission to make solar energy "mainstream" and available to all. We have implemented several solar programs such as KCEC owned Solar, PartnerShip Solar (Purchase Power Agreement) and Community Solar. Some of the projects that have been commissioned and that are operating include the 500 kW solar array located at UNM-Taos Klauer campus, the KCEC 100 kW Solar Parking Canopy which is located at the headquarters of KCEC, the 43 kW system located at KTAO, and the Chevron Technology Ventures (CTV), 1,000 kW concentrating photovoltaic solar facility on the tailing site of Chevron's molybdenum mine in Questa, New Mexico. The electricity provided is sold to KCEC through a purchase power agreement. This is the largest CPV installation in the U.S. and one of the largest in the world. Some of the goals of KCEC regarding renewable energy are to enhance Renewable Portfolio Standards (RPS). Our Community Solar Program will build its first community owned array in partnership with Taos Charter Schools, Holy Cross Hospital and the Weimer Foothills Association. This project should be completed during the fall of 2011. Finally our Voluntary Green Power Program continues to be a success. KCEC's Voluntary Green Power Program currently has a total of 1,606 members, which purchased 7.13 million kWh. We encourage our membership to participate in our Green Power Program. Our special thanks to the participants who through their efforts have contributed to the number of green energy sold. Continued

CEO Report

KCEC continues to focus on our core business and make the necessary infrastructure improvements required for growth and reliable service. KCEC recently completed several large electrical upgrade projects this year. Some of the areas where major upgrades have been completed include Angel Fire, Ranchos De Taos, Ranchitos, Blueberry Hill, El Prado, Ojo Caliente, Ute Park Eagle Nest and Red River. Other smaller projects that were also constructed and completed this year throughout the service area will help reduce outages and increase system reliability. Our tree trimming and maintenance crews have been assigned to different areas within our service territory to aid in the reduction of outages. As a result of our continuing upgrades and maintenance, KCEC has one of the lowest and best outage records in the state of New Mexico.

As far as our Division performance, Kit Carson Telecommunications (KCT) has focused on improving and enhancing its network reliability and availability. KCEC is among rural electric cooperative utilities that were awarded funding under the American Recovery and Reinvestment Act of 2009 to deliver broadband to rural communities. Kit Carson's Fiber-to-Home project was the only rural electric cooperative awarded funds to build a "last mile" network. The KCEC "fiber-to-the home" project will allow greater bandwidth in, providing the quality necessary for applications such as internet, telemedicine, teleconferencing and video sharing for education, business and entertainment. Once completed, the co-op's project will make broadband service available to 29 communities, reaching approximately 20,500 households, 3,600 businesses and 183 community institutions, such as hospitals, schools and other government facilities. Deploying fiber will provide the capacity needed to meet future needs. For example, KCEC's fiber network will be used to enhance "smart grid" technologies, which can include energy monitoring, load control and automated metering systems for future Smart Home implementation. KCEC will use existing right-of-way to build a fiber-to-the-home network capable of at least 100 Mbps for residential customers and 1Gbps broadband service for anchor institutions, such as schools, libraries and other community facilities. Kit Carson's broadband project is an infrastructure investment that will boost economic development by attracting new businesses, jobs, health care services and educational opportunities. KCEC was awarded 63.8 million dollars in stimulus funding (a \$19 million dollar loan and a \$44 million dollar grant; a 70/30 split). The project will be completed within 36 months.

KCT's variety of services to our members such as WildBlue, DSL, and fixed wireless continued to grow in 2010 and we expect that same increased growth in 2011. We have met our goals and mission to bridge the "Digital Divide" and to provide state of the art telecommunication services for our members at affordable prices.

Kit Carson Energy, Inc. (KCEI) continues to deliver propane in a competitive fashion and meet its goals and objectives of offering affordable, competitive, and safe propane services. In 2010, KCP was moved into a for profit subsidiary. In its first year KCEI turned a profit. Since 2000 KCEC has received payments totaling \$2,497,492 from Kit Carson Propane and KCEI. The successful year was a result of team effort by the hard working Board of Directors and employees. Suggestions and new ideas were provided by KCEI employees on how to better streamline the company's activities. KCEI remains committed to the original vision of KCEC in establishing a propane division that is to provide safe, affordable propane and propane services. KCEI has plants in Taos, Questa, Penasco and Ojo

Caliente to efficiently serve the membership. KCEI is committed to ensuring that customers receive stable pricing during the winter months when prices are prone to escalate.

We will continue to improve our services and operate a transparent and open Cooperative. We will also continue to communicate important issues to our members and do our part in helping our community in becoming energy independent, support a healthy environment for ourselves, our children and for our future and enhance the quality of life for our members. As always it has been our honor and pleasure to have served our members. Thank You.

Coloring Contest / Youth Tour

2011 Washington, D.C Youth Tour Recipients

Kit Carson Electric Cooperative would like to thank the students who will represent our Cooperative and their schools on the Government in Action Youth Tour in Washington D.C., in June. Every year KCEC sponsors junior high school students from schools whose parents or guardians live in our service area to attend this trip. The students will learn about our government and electric cooperatives, and meet New Mexico's congressional delegation. The recipients submitted a 750 word essay on the following topic; "What does KCEC mean to our communities?" Congratulations to all.



MELANIE GONZALES



MATTHEW MARTINEZ



NATALIE HOLDEN



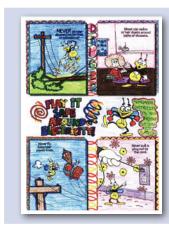
JEROME GURULE



RAQUEL MARTINEZ

Kit Carson Electric participated in a coloring contest sponsored by New Mexico Member Services Association. Second, third and fourth grade students compete in this contest. Judges select an overall winner and one winner from each school and each grade level. Selected winners receive a \$25.00 check a t-shirt and a customized plaque. This year we are pleased to announce Kit Carson's overall winner and also the 3rd place Statewide Winner Roah Khweis.

*As always KCEC will continue to make Safety a priority for our children; our future.



Roah will receive a personalized t-shirt, a customized plaque and \$50.00 courtesy of Kit Carson Electric Cooperative. Roah will also receive an additional \$250.00 from New Mexico Marketing & Member Service Association.

OVERALL WINNER ENOS GARCIA ELEMENTARY ROAH KHWEIS

Coloring Contest

JUDGES SELECT AN OVERALL WINNER FROM EACH SCHOOL AND EACH GRADE LEVEL

OVERALL WINNERS

STUDENT NAME	SCHOOL	GRADE
Dylan Romanski Parfitt	Arroyos Del Norte	2nd
Santana Archuleta	Arroyos Del Norte	3rd
Annaliese Gassner	Arroyos Del Norte	4th
Isabella Trujillo	Eagle Nest Elementary	2nd
Elise Hicks	Eagle Nest Elementary	3rd
Abbey Orndorff	Eagle Nest Elementary	4th
Jose Trujillo	El Rito Elementary	2nd
Corrina Shoemaker	El Rito Elementary	3rd
Kaitlyn Terrazas	El Rito Elementary	4th
Jordan Montoya	Ranchos Elementary	2nd
Matthew Williams	Ranchos Elementary	3rd
Alexia V Romo	Ranchos Elementary	4th

STUDENT NAME	SCHOOL	GRADE
Aspyn Vigil	Enos Garcia	3rd
Roah Khweis	Enos Garcia	4th
Mikaela Romero	Alta Vista	3rd
Bailey Kelly	Penasco	2nd
Stefani Vigil	Penasco	3rd
Deborah Dominguez	Penasco	4th
Aliya Colruno	Rio Costilla	4th
Devin Griego	Ojo Caliente	2nd
Luis Griego	Ojo Caliente	3rd
Elizabeth Martinez	Red River Valley Charter	2nd
Troy Condon	Red River Valley Charter	3rd
Jetta Breen	Red River Valley Charter	4th

Kit Carson Electric Education Foundation, Inc.

In June 1996 Kit Carson Electric Cooperative consumers voted in favor of a bylaw change that allowed the establishment of a charitable foundation for the purpose of charitable assignment of patronage capital unclaimed after a two-year period. The Foundation was incorporated December 13, 1996. The Kit Carson Electric Cooperative Trustees named a representative from each district in the Cooperative's service area to serve on the Kit Carson Electric Foundation, Inc. as follows:

Mr. Rudy Martinez, President, District 1
Mr. David Arguello, Vice President, District 2
Mr. Steve Archuleta, Secretary/Treasurer, District 3
Mrs. Catherine Garduno, District 4
Ms. Sally Torres, District 5

The fund began with approximately \$180,000.00. Eighty percent (80) of the fund was earmarked for education and up to twenty (20) percent for non-profit organizations. Kit Carson Electric Education Foundation is available to qualified high school students who attend either a public or private school and whose parents are members of the Kit Carson Electric Cooperative service area. Scholarships are granted to qualifying high school students who will be attending a recognized and accredited institution of higher education. Applicants are selected by their levels of good character, academic achievement and can demonstrate a coherent degree plan and willingness to pursue a course of high learning. Over the past 13 years, the Foundation has been proud to help these students achieve their dreams.

Kit Carson Electric is proud to announce that since the inception of the Kit Carson Electric Education Foundation, it has awarded a total of 479 scholarships for a total of \$451,250.00 from 1997 to 2011. The total donations awarded from 1997 through 2011 are 457 donations for a total of \$76,295.95.

The 2011 Scholarship Recipients

DISTRICT ONE

Michael Aguilar
Arriana Chavez
Luis Herlon-Cruz
Amberlee Jeantette
Patrick Martinez
Camille Rivera
Alejandro Rodriguez
Lilly Sierra
Cheyenne Stokas
Erin Thomas
Ryann Vernon
Nicholas Zarasua

DISTRICT TWO

German Alcorta
Amy Leon
Felisha Ortega
Gabriella Qunitana
Nichole Sanchez
Jon Michael Velasquez

DISTRICT THREE

Santiago Archuleta Anissa Baca Brianna Metter Shawnee Suazo Carmelita Trujillo Natasha Trujillo

DISTRICT FOUR

Erik Casados Alexis Esquibel Shannon Gonzales Amy Ann Rendon Lesea Rodarte Gina Visarraga

DISTRICT FIVE

Amanda Capozzelli Madison Coss Brooke Jordy Morgan Miller Sara Newsome Annie Stirling

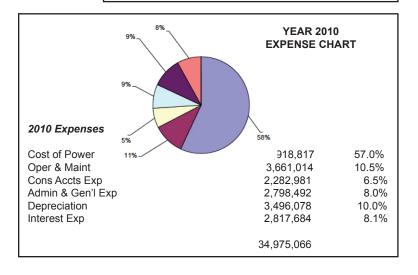
CRISTOBAL DURAN SCHOLARSHIP

Brandon Medina Santana Pacheco

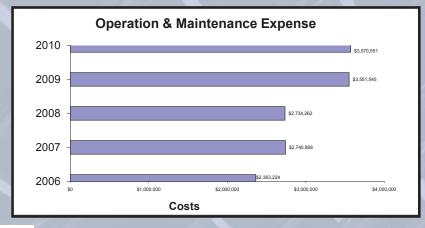
Balance Sheet & Income Statement

ASSETS Utility Plant in Service Construction Work in Progress Total Utility Plant	\$117,014,914 4,205,643 \$121,220,557
Less Accumulated Depreciation Net Utility Plant	\$39,800,914 \$81,419,643
NonUtility Plant Investments - Assoc. Organizations Total Other Property & Investments	\$596,558 8,068,968 \$8,665,526
Cash - General Temporary Cash Investments Notes Receivable Accounts Receivable Materials & Supplies Prepayments Other Assets Deferred Debits	\$1,989,611 402,407 19,967 6,806,303 2,614,735 68,251 119,050 9,849,135
Total Current & Accrued Assets Total Assets	\$21,869,459 \$111,954,628
LIABILITIES Patronage Capital Other Margins Total Margins & Equities	\$38,293,204 129,316 \$38,422,520
Long Term Debt	\$65,384,121
Notes and Accounts Payable Consumer Deposits Other Liabilities Total Current & Accrued Liabilities Deferred Credits	\$5,728,338 235,789 1,612,599 \$7,576,726 571,261
Total Liabilities & Equities	\$111,954,628

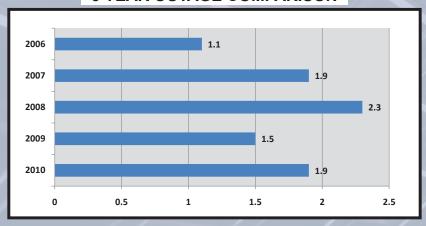
Revenue	\$34,099,770
Cost of Power	19,918,817
Operation & Maintenance Expense	3,661,014
Consumer Accounts Expense	2,282,981
Administrative & General Expense	2,798,492
Total Operation & Maintenance	\$28,661,304
Depreciation Expense	\$3,496,078
Interest Expense	2,817,684
Total Cost of Electric Service	\$34,975,066
Operating Margins	(\$875,296)
Interest Income	12,250
Non Operating Margins - Other	(53,568)
Other Capital Credits	1,946,868
Patronage Capital or Margins	\$1,030,254



Operations & Maintenance Expense



5 YEAR OUTAGE COMPARISON



Questions & Answers

WHO IS KIT CARSON ELECTRIC COOPERATIVE?

Kit Carson Electric Cooperative is a private nonprofit organization – a rural electric cooperative – owned by its member-consumers. It is incorporated under New Mexico state law and owned by its members. Members are accepted upon application and receipt of electric service. The cooperative is guided by an eleven member Board of Trustees, with each Trustee representing one of the Cooperative's five service districts. Each trustee is elected for a four year term by the members residing in the service district the Trustee represents. It is this grass roots origin and support that fosters the kinds of policies and objectives at Kit Carson Cooperative that help maintain and improve the quality of life in our region.

WHAT ARE CAPITAL CREDITS AND HOW ARE THEY PAID?

Any profit over and above the actual cost of operation in any given year is divided among the consumers of record of that year based on the consumers' kilowatt hour usage. These profits are called Capital Credits, and they are accrued each year to an account set up in each consumer's name. Capital Credits are refunded as a cash payment to the consumer and can only be paid to settle the estate of a deceased person, or when a general retirement is made to all consumers during a given year. General refunds of Capital Credits have been made through the year 1979.

WHERE DOES KIT CARSON GET ITS POWER?

Kit Carson Electric Cooperative buys wholesale electric power from Tri-State Generation and Transmission Association Inc., headquartered in Denver Colorado which is comprised of 12 New Mexico Cooperatives and 32 out of state cooperatives for the purpose of purchasing wholesale electric power at generally lower bulk rates for its members. The New Mexico distribution cooperatives which are members of Tri-State service about 70% of New Mexico's land area and about 800,000 people. Most of the power Tri-State wholesales to its member cooperatives come from the following generating Stations: Craig Station (654 MW), Nuclear Station (100 MW), Escalante Station (250 MW), Laramie River Project (1692 MW), Springer Ville Station (1178 MW), Burlington Station (100 MW), San Juan (41 MW), Rifle Station (85 MW), Pyramid Station (40 MW), Knutson Station (140 MW) and Limon Station (140 MW).

WHAT TO DO WHEN YOUR POWER IS OFF.

If your lights go out, first check lights and appliances in other rooms. If you still have power in some areas, most likely a fuse has blown or a circuit breaker has open. This indicates a warning of overloaded wiring or a defective appliance. If all lights are off, check to see if your neighbors have power. This will help the Cooperative to determine how widespread the outage may be. Telephone the Cooperative and report the outage. The person who takes your call will record your name, address, telephone number and ask directions to your house. When there is a wide spread power outage, Kit Carson Electric Cooperative's telephone lines will be swamped with calls and you will likely get a busy signal. We answer the calls as fast as possible-one after the other. We can only ask that you keep trying. Our emergency numbers are staffed 24 hours a day. Let us know ANYTIME your service is interrupted and we will assist you in checking your power supply. Please keep in mind that if the trouble is on your side and a crew is called out there is a service charge for the call out. Also, please let us know of any other emergency situations you observe, such as damaged or fallen utility poles, damaged lines or insulation, trees on lines, or accidents involving Kit Carson Electric Cooperative's lines or equipment. If you live in the Taos area, telephone 758-2258. If you live out of the Taos area, call toll free 1-800-688-6780. Please use these lines to report outages or emergencies.

Meet the Employees



ACCOUNTING/WAREHOUSE

Left to Right: Richard Jeantet/Purchasing Agent, Geraldine Romero/Senior Accountant, Johnny Valerio/ Financial Manager, Not Pictured: Honorio Rael/Senior Accountant, Sandra Quintana/ Payroll Clerk, Paul Martinez/Warehouse Supervisor, Kenny Varos/Warehouseman



HUMAN RESOURCE/PUBLIC RELATIONS/SAFETY

Back Row: Left to Right: Andrea Chavez/ Acting Human Resource Manager, Myra Trujillo/Human Resource Staff Secretary Front Row: Left to Right: John Fernandez/ Safety Coordinator, Rodney Arellano/Maintenance, Andrew Valerio/Energy Efficiency Auditor Not Pictured: Sally Ortiz/General Clerk



ADMINISTRATION

3rd Row: Left to Right: Angela Chavez/General Clerk, Michelle Polanco/Receptionist, Daniel Trujillo/Network Administrator, Renee Romero/General Secretary. 2nd Row: Left to Right: Sara Trujillo/Staff Secretary Engineering Department, Margaret Gonzales/Executive Secretary, Cathy Hernandez/Receptionist, Renee Chasteen/General Secretary,1st Row: Carmella Suazo/Administrative Assistant Not Pictured: Cecilia Quintana/ Project Coordinator



ENGINEERING

Left to Right: Mariano Valdez/Scada Operator, Richard Martinez/System Engineer, Rick Leon/Staking Agent, Steven Martinez/Mapping Tech, Sara Trujillo/Staff Secretary, Alfred Mascarenas/Mapping Tech Assistant, David Santistevan/Engineering Department Manager, Juan Trujillo/Staking Agent

Meet the Employees



BILLING/CUSTOMER SERVICE DEPARTMENT

Back Row: Left to Right: Tammy Rael/ Billing Manager, Carla Casias/Billing Supervisor, Linda Cantu/Customer Service Rep., NelsonTafoya/Meter Reader Collector, Amanda Maes-Leon/Customer Service Rep., Patsy Calhoun/Collector, Ophelia Trujillo/Customer Service Rep., Joyce Archuleta/Collections Supervisor Front Row: Left to Right: Katherine Coca/ Cashier, Annette Rael/ Cashier, Wanda Munoz/ Customer Service Rep., Nadine Varela/Customer Service Rep., Rose Marie Apodoca/Customer Service Rep.

Not Pictured: Leonard Griego/ Meter Reader Collector, Lorraine Duran/Customer Service Rep.



INTERNET/TELECOMMUNICATIONS

Back Row: Left to Right: Mike Nolen/Billing
Administrator, Matt Hoover/Acting Telecom Manager,
Glenn Love/Installation Tech, David Branchal/Sales &
Marketing, Jose Lovato/Fiber Network Designer
Front Row: Left to Right: Martin Dimas/Network Admin.,
Isaac Martinez/Installation Tech, Adelaida Dominguez/
Telecom Admin., Laura Valerio/Technical Support



METER

Back Row: Left to Right: Glen Romero/
Meter Department Supervisor, Gilbert
Martinez/Meter Reader, Gary Martinez/Journeyman, Richard Valerio/4th YR. Apprentice, Joshua Pacheco/2nd YR. Apprentice,
John Jaramillo/Journeyman, John Anthony
Ortega/2ND YR. Apprentice, Audrey Cordova/
General Clerk, Eligio Vigil/4th YR. Apprentice
Front Row: Left to Right: Armando Ortega/
Line Spotter, Paul Vallejos/Line Spotter
Not Pictured: Robert Martinez/Meter
Reader, David Medina/ Meter Reader, Julian
Mondragon/4th YR Apprentice

Meet the Employees



OPERATIONS

4th Row: Left to Right: David Trujillo/Tree Trimmer, Rudy Mascarenas/Mechanic, Lee Quintana/2nd YR. Apprentice, Roman Apodoca/ Tree Trimmer, Paul Martinez/ Warehouse Supervisor, 3rd Row: Left to Right: Joe Ortega/Class A Operator, Michael Herrera/Lead Lineman, Johnny Gurule/Tree Trimmer, Alonzo Visarraga/ Class A Operator, Adam Montoya/3rd YR. Apprentice, Carlos Rivera/Journeyman Lineman 2nd Row: Left to Right: Ray Rael/Overhead Supervisor, Edward Trujillo/ Lead Lineman, Matthew Suazo/Journeyman Lineman, Jaime Mares/Journeyman Lineman, Gordon Bond/2nd YR. Apprentice, Donn Davies/1st YR. Apprentice, Wayne Valdez/ Lead Lineman, Dennis Gonzales/ Underground Supervisor, John Fernandez/ Safety Coordinator First Row: Left to Right: Johnny Sisneros/1st YR. Apprentice, Roy Lopez/2nd YR. Apprentice, Daniel Ocana/ Tree Trimmer, Horacio Archuleta/1st YR. Apprentice, Fidel Lopez/2nd YR. Apprentice, Kenny Varos/ Warehouseman, Richard Garcia/ Lead Lineman,

Alex Romero/ Chief Operating Officer/Operations Manager

Not Pictured: Operations: Daniel L Martinez/ Lead Lineman, Chris Ortega/Tree

Trimmer, Dan Holterman/2nd YR. Apprentice, William Arko/ Lead Lineman, Daniel A

Martinez/ 2nd YR. Apprentice, Tommy Ocana/ Mechanic



KIT CARSON ENERGY INCORPORATED

Back Row: Left to Right: Carla Esquibel/Office Supervisor, James Gurule/Meter Reader, Robert Iko/ Office Manager, Lawrence Vigil/Service Tech, Rick Solano/Driver, Gabe Vasquez/Lead Driver, Mark Tafoya/ Driver, JoAnn Martinez/ Propane Manager Front Row: Left to Right: Matt Trujillo/ Customer Service Rep., Jacob Roybal/Driver, Chris Trujillo/ Customer Service Rep.

Not Pictured: Brian Peterson/
Customer Service Rep.

Thank You for Attending the Annual Meeting

















General Information

Mailing Address: PO Box 578, Taos, NM 87571

Street Address: 118 Cruz Alta Road, Taos, NM 87571

Telephone Numbers

Offices/Outages/Emergencies: 1-800-688-6780 * (575) 758-2258 **Customer Service:** 1-800-944-8159 * (575) 751-9064

Fax Number: (575) 758-4890 Administration * (575) 758-4611 Customer Service

Business Hours: 8:00 a.m.-4:30 p.m. Monday through Friday

Except Holidays

Maintenance and Construction Hours: 7:00 a.m. to 4:30 p.m.

After Hours and holidays-call the number listed for outages or emergencies

and report to Answering/Dispatching Service

Monthly Board Meeting: Last Tuesday of every month

Annual Meeting: Yearly-June-Date to be announced

Kit Carson Electric Website: www.kitcarson.com *E-mail address: kitcarson@kitcarson.com **Kit Carson Internet Website:** www.kitcarson.net * E-Mail address: kitcarson@kitcarson.net