



**KIT CARSON
TELECOM**

"Owned by those we serve"

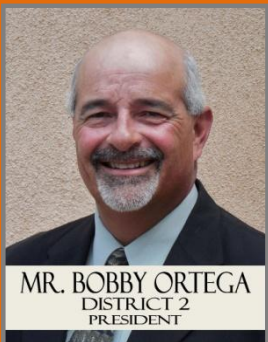
Kit Carson Electric Cooperative, Inc.

A Touchstone Energy® Cooperative
The power of human connections®
ELECTRIC COMMUNICATIONS PROPANE
"Owned by those we serve!"



2014 ANNUAL REPORT

BOARD OF TRUSTEES



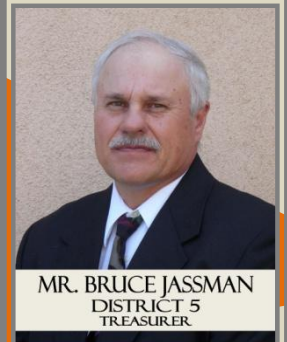
MR. BOBBY ORTEGA
DISTRICT 2
PRESIDENT



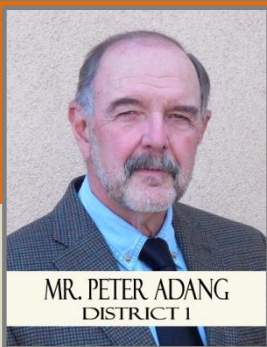
Mr. Manuel Medina
Vice-President
District 1



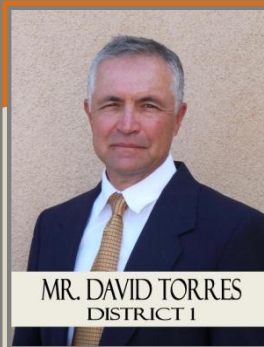
MR. CHRISTOPHER DURAN
DISTRICT 4
SECRETARY



MR. BRUCE JASSMAN
DISTRICT 5
TREASURER



MR. PETER ADANG
DISTRICT 1



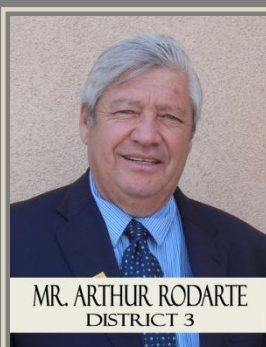
MR. DAVID TORRES
DISTRICT 1



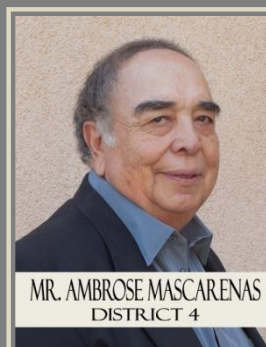
Mrs. Luisa
Valerio-Mylet
District 1



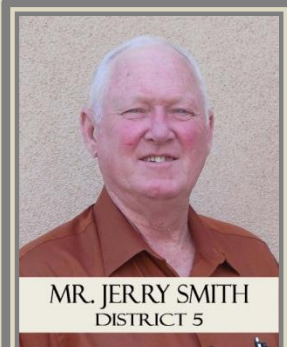
MR. VIRGIL MARTINEZ
DISTRICT 2



MR. ARTHUR RODARTE
DISTRICT 3



MR. AMBROSE MASCARENAS
DISTRICT 4



MR. JERRY SMITH
DISTRICT 5

CEO REPORT



Luis A. Reyes, Jr.
Chief Executive Officer

On behalf of the Board of Trustees, Mr. Luis Reyes Jr. , CEO, the management and employees of Kit Carson Electric, Kit Carson Energy, and Kit Carson Telecom, it has been our pleasure serving our members in 2014. The Kit Carson family of companies has seen many great accomplishments in 2014, none could have been possible without the hard work and dedication of our employees and most importantly the continued support from “YOU” our members. We are continually striving to enhance the quality of life in the products and services we offer our residents and businesses in the in the communities Kit Carson Electric serves.

Kit Carson Electric and Maintenance

Kit Carson Electric Cooperative, Inc. (KCEC) continues to perform active maintenance and deploys an expansive tree trimming program that will continue to ensure safe and reliable electric service as well as mitigating the risk of forest fires and other potential safety issues. While the loss of the Chevron Mining load has greatly impacted KCEC financials, we are continuing to look at efficiencies and optimization within our operation. KCEC continues to explore opportunities in solar energy, we are continually looking for ways to develop solar on behalf of our members and support “behind the meter” solutions.

Kit Carson Energy

Kit Carson Energy Inc. (KCEI) remains solid and viable by offering the best propane prices to its customers. KCEI through competitive buying has allowed for and caused pricing to remain relatively stable in the areas we serve. KCEI also has set the standards for improved safety practices for all propane customers and companies within the areas we serve. KCEI employees use their extensive training to serve the community and continue to offer affordable propane.

Kit Carson Telecom

Kit Carson Electric’s Fiber to the Home Project (FTTH) is 98% complete. KCT continues to focus on residential and business drops. The high number of consumer requests has far exceeded our expectations and we will ensure that any member who desires high speed internet service will receive high speed fiber optic service. We would like to thank all our members, local and state governments, and Pueblo tribes for their patience and continued support during the FTTH construction.



Richard Martinez
Chief Operating Officer

CEO REPORT

Awards and Milestones for KCEC

For KCEC, 2014 was an incredible year, marked by many accomplishments and milestones. As we move into 2015 it is already shaping to be an equally incredible year. We have received many awards and recognitions for the advancements we make to the quality of life on behalf of our members, we do so with just that our “Members” in mind. We proudly announce the receipt of the following awards.

- ❖ 2015 Governor Susana Martinez’ Environmental Excellence Award in “Energy” given by the New Mexico Environment Department – For KCEC’s contribution to Solar Energy on behalf of its members.
- ❖ 2015 Broadband Communities Magazine “Cornerstone Award” for broadband deployment – For KCEC’s robust and expansive deployment of fiber to rural areas not currently served or that remain un-served.
- ❖ 2015 Utilities Telecom Council prestigious “APEX” award. For overall quality of life enhancement in broadband and telecommunications. (This award is the highest obtainable recognition in the telecom industry.)

In Closing

In conclusion, we continue to look at best practices for operating the electric system and we continue to promote safety as a priority for both our employees and the public. We will continue our negotiations on behalf of the membership with regards to proposed Tri-State Generation rate increases, and will continue to work diligently to provide sustainable, affordable, safe and reliable services for our entire membership.



**“Governor’s Environmental
Excellence in Energy Award”
April 15, 2015**



**“Cornerstone Award”
April 15, 2015**



**“APEX Award”
May 5, 2015**

2015 GOVERNMENT IN ACTION YOUTH TOUR



CARLOS AMADOR
QUESTA HIGH SCHOOL



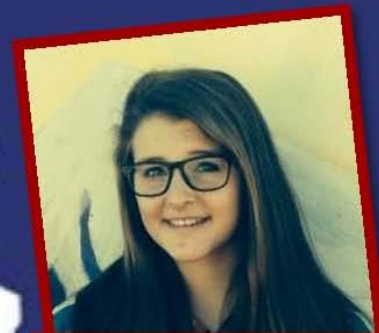
DIEGO GALLEGOS
MESA VISTA HIGH SCHOOL



ANGELIQUE RODARTE
PENASCO HIGH SCHOOL



ANTONIO PENA
MESA VISTA HIGH SCHOOL



GENTRY HAUKEBO
MORENO VALLEY
HIGH SCHOOL

Every year KCEC sponsors five high school Junior students from schools whose parents or guardians live in our service area to participate in the youth tour. Each student submitted a 750 word essay on this subject;

"You are in charge of the energy efficiency program at your school. Describe ways you would recommend for your school to use electricity more efficiently."

These students will be learning about electric cooperatives, American history and U.S. government on their trip. They will attend educational seminars and visit with their representatives in the House and the Senate. They will also visit historical sites in and around Washington D.C. and learn about the cooperative business models. CONGRATULATIONS!!

2015 SAFETY COLORING CONTEST

OVERALL WINNER – PENASCO ELEMENTARY SIERRA ATENCIO – 3RD GRADE

Kit Carson Electric participates in a coloring contest sponsored by KCEC and the 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. The overall winner receives a \$100 check, a T-shirt and a Prize Pack full of art supplies to continue their artistic talents. All other winners receive a \$25 check, a T-shirt and a puzzle box made with their very own creative poster. The following students were winners selected from the elementary schools in the Kit Carson's service area for 2015.



Each year KCEC visits participating elementary schools to ensure our students are educated on electrical safety!

<u>SCHOOL</u>	<u>2nd GRADE</u>	<u>3rd GRADE</u>	<u>4th GRADE</u>
RANCHOS ELEMENTARY	Tatyana Quintanilla	Shahd Khweis	Kaitlynn Taylor
ENOS GARCIA ELEMENTARY	Sierra Hunter Casias	Mercedes Maestas	Evangeline Martinez
T.I.S.A. ELEMENATRY	Violet	Amelea Thatcher	Tyler Smith
TAOS CHARTER SCHOOL	Razielle Valencia	Rafa Andrew	
ANANSI CHARTER SCHOOL	Maddie Rowlisn-Elliott	Johnathan Allalenis	Ellie Donovan
ALTA VISTA ELEMENTARY	Amadea Gallegos	Dakota Contu	
RIO COSTILLA ELEMANTARY	Melissa Andrianos		
RED RIVER VALLEY CHARTER	Faith Lewis	Marcus Mascarenas	Courtney Henderson
PENASCO ELEMENTARY	Madison Rael	Sierra Atencio	Jennifer Romero
EAGLE NEST ELEMENTARY	Lauren Bertges	Nicole Grine	Kamryn McDowell
ARROYOS DEL NORTE			Martika Jaramillo



KIT CARSON ELECTRIC EDUCATION FOUNDATION, INC. **Scholarships**

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. The following are the current Kit Carson Electric Education Foundation Directors:

Mr. Steve Archuleta, President, District 3 (Ojo Caliente)
Mr. Justin Torres, Secretary/Treasurer, District 5 (Angel Fire)
Mr. Thomas Tafoya, District 1 (Taos)
Ms. Catherine Garduno, District 4 (Penasco)

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 higher learning. Over the past 19 years, the Foundation has been proud to help these students achieve their dreams where they may not have been able to move scholastically forward without the Foundation's assistance.

Kit Carson Electric is proud to announce that since the inception of the Kit Carson Electric Foundation, it has awarded **\$477,750.00** in scholarships. 526 scholarships have been awarded since 1997, as follows: District 1 = 176, District 2 = 90, District 3 = 89, District 4 = 88 and District 5 = 83.

Kit Carson Electric would like to thank the membership for making this possible.



Scholarship Recipients

DISTRICT 1

Anna Donaldson
Hannah Gunther
Roy Madrid
Larissa Lynn Martinez
Shay Moon

DISTRICT 2

Matthew Cisneros
Bridgette Herrera

DISTRICT 3

Damonica Alderette
Reina Duran

DISTRICT 4

Gabrielle Martinez
Megan Martinez

DISTRICT 5

Amy Gonzales
Nathan Mieras

TRI-STATE SCHOLARSHIP

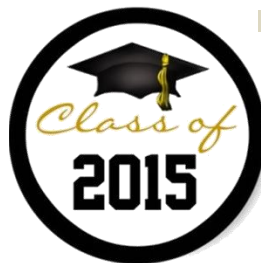
Rick Chalker
Angel Gonzales

BASIN SCHOLARSHIP

Michael Velasquez

CRISTOBAL DURAN SCHOLARSHIP

Mercedes Casados de Armijo
Ashley Gaitan
Devyn Esquibel
Nancy Larissa Tafoya



BALANCE SHEET & INCOME STATEMENT

ASSETS

Utility Plant in Service	134,889,485
Construction Work in Progress	4,946,808
Total Utility Plant	139,836,293
Less Accumulated Depreciation	45,039,292
Net Utility Plant	\$94,797,001
NonUtility Plant	17,623,668
Investment in Subsidiary	1,297,369
Investments – Assoc. Organizations	13,661,970
Total Other Property & Investments	\$32,583,007
Cash – General	1,916,556
Temporary Cash Investments	93,010
Notes Receivable	12,849
Accounts Receivable	8,026,408
Materials & Supplies	1,718,438
Prepayments	201,979
Other Assets	121,519
Deferred Debits	6,187,922
Total Current & Accrued Assets	\$18,278,681
Total Assets	\$145,658,689

LIABILITIES

Patronage Capital	42,395,552
Other Margins	171,450
Total Margins & Equities	\$42,567,002

LONG TERM DEBT

Notes and Accounts Payable	11,667,240
Consumer Deposits	243,632
Other Liabilities	1,752,830
Total Current & Accrued Liabilities	\$13,663,702
Deferred Credits	678,667
Total Liabilities & Equities	\$145,658,689

Revenue **\$38,943,955**

Expenses

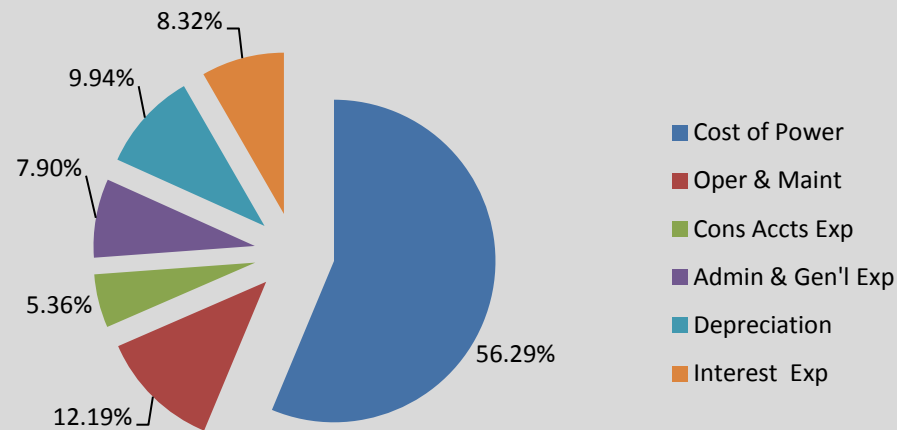
Cost of Power	21,573,712
Operation & Maintenance Expense	4,670,624
Consumer Accounts Expense	2,055,821
Administrative & General Expense	3,027,665

Total Operation & Maintenance **\$31,327,822**

Depreciation Expense	3,809,692
Interest Expense	3,189,785

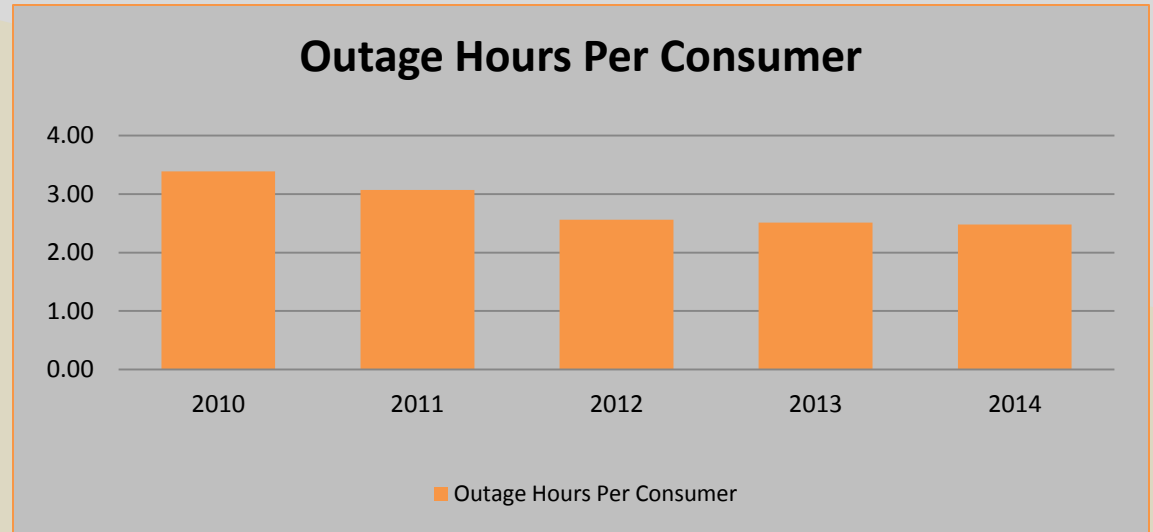
Total Cost of Electric Service **\$38,327,299**

Operating Margins	616,656
Interest Income	27,460
Non Operating Margins – Other	(282,476)
Other Capital Credits	1,484,871
Patronage Capital or Margins	\$1,846,511

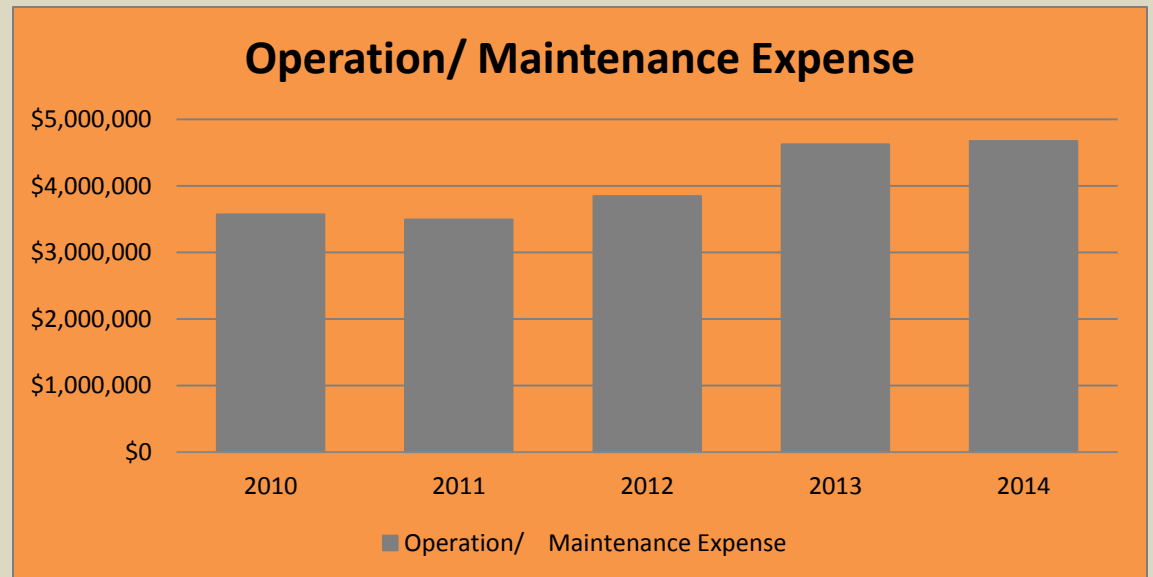


OPERATIONS & MAINTENANCE EXPENSE

Year	Hours Per Consumer
2010	3.39
2011	3.07
2012	2.56
2013	2.51
2014	2.48



Year	Operation/ Maintenance Expense
2010	\$3,570,551
2011	\$3,495,344
2012	\$3,843,738
2013	\$4,621,193
2014	\$4,670,624



FIBER OPTIC SERVICES (Broadband)

Kit Carson Electric Cooperative Fiber Optics Service Update:

Kit Carson Electric Cooperative (KCEC) along with Kit Carson Telecom (KCT) are pleased to announce that we are 98% complete with main line construction of your Fiber to the Home (FTTH) project. Over the course of the past 3 ½ years KCEC and KCT have placed over 2,700 miles of fiber optic infrastructure to better enhance both internet and telecommunication services within the membership area of KCEC.

Why was this project important?

As Taos and its surrounding communities face physical barriers to the outside world, this was also true with regards to communications. Following the spirit of a Cooperative model, KCEC's desire to provide state of the art communications and quality of life services is what led to the implementation of fiber optic services on behalf of all KCEC members, specifically those members who were previously underserved or un-served entirely. Fiber optic services will greatly enhance the lives of members in all communities within the KCEC service area by providing high speed internet access for critical infrastructure services such as NextGenE911, Tele-health/Tele-medicine, greater access to online education, economic development opportunities, and finally overall greater access to high speed internet. What was once an infrastructure barrier for people of Northern New Mexico is now our greatest asset to compete in a global economy in the 21st century.

How was this project funded?

The total cost of the project was \$63.8 million. \$44 million was funded by grant from the U.S. Department of Agriculture through President Barack Obama's American Recovery and Re-Investment Act, and the remaining \$19.8 million was in the form of a loan. Fiber optics represents a solid investment of federal funds from which Northern New Mexico will greatly benefit for generations to come.

When will I be able to receive service?

As KCEC/KCT nears completion of construction KCT has already begun lighting members with high speed services in the areas of Amalia, Costilla, Questa, Arroyo Hondo, Arroyo Seco, Taos, Penasco, Angel Fire, and Red River. The light up phase has begun with those entities that provide critical infrastructure services such as hospitals, municipal administrations, libraries, and public schools, along with a select few main line ready commercial entities. KCEC/KCT wants to guarantee and insure that every member in the service area wishing to receive high speed connectivity through KCT will be connected. Members are encouraged to call KCT at 575-758-4838 for specific area connection availability and dates service is expected to be available, all member service areas should be ready for connectivity by June 30, 2015.

What is the charge for installation?

If you filled out and completed the "Fiber Sign Up Form" by December 31, 2014 the fiber drop to the home is free. If a "Fiber Sign Up Form" was NOT completed by December 31, 2014 the full cost for drop will be charged to the consumer for installation. Call KCT for costs and information in these cases. For members who chose to take internet services and met the deadlines under the stipulations of the grant, KCEC/KCT charge a \$60 (+tax) hardware installation fee, unless you are already a current KCT customer. For more information please call Kit Carson Telecom at 575-758-4838.

Is Service Reliable?

As critical infrastructure institutions and larger scale commercial entities have begun to take service from KCEC/KCT our nationally recognized and award winning FTTH project is already beginning to show its proven reliability. As many public schools were mandated this past year to complete online standardized testing the KCEC/KCT network this past January through March flawlessly proved its reliability to the member school districts of Questa, Amalia, Costilla, Eagle Nest, and Moreno Valley, with zero downtime and consistent reliable monitored internet speeds. Along with the local municipalities of Taos County, Village of Eagle Nest, Village of Angel Fire, Village of Questa, Town of Red River, and Taos Pueblo (which was the first Tribal entity in the U.S. to receive 1-Gigabit service). KCEC/KCT's fiber service is increasing productivity and increasing economic development opportunities in the very short time services through our network has been available. Additionally, KCEC has added greater capabilities through meter modernization (smart metering) which allows for the ability to help members make better utilization of their electric usage patterns, along with stabilization of electric rates through fiber sales revenue. KCEC/KCT has taken great measures to insure we are deploying the most robust and state of the art fiber optics services in the State of New Mexico.

MEET THE EMPLOYEES

ACCOUNTING DEPARTMENT



Back Row: Richard Jeantet/Purchasing Agent, Paul Martinez/ Warehouse Supervisor, Johnny Valerio/Finance Manger, Kenny Varos/Warehouseman
Front Row: Althea Torres/ Accountant, Sandra Quintana/Payroll Clerk, Geraldine Romero/Senior Accountant

ADMINISTRATION DEPARTMENT



Back Row: Joyce Archuleta/ Executive Secretary, Cathy Hernandez/Receptionist, Jesucita Lopez/Part Time Receptionist, Michelle Polanco/Receptionist, Sara Trujillo/ Staff Secretary, Renee Chasteen/ General Secretary
Front Row: Nadine Varela/Project Coordinator, Carmella Suazo/ Administrative Assistant, Renee Romero/General Secretary, Daniel Trujillo/ Network Administrator

ENGINEERING DEPARTMENT



Left to Right: Steven Martinez/Mapping Technician, Alfred Mascarenas/Mapping Assistant, Aracelia Ortiz/General Secretary, Andrew Valerio/Staking Agent II, Sara Trujillo/Staff Secretary, Rick Leon/Staking Agent, David Santistevan/Engineering Department Manager

BILLING DEPARTMENT



Back Row: Nelson Tafoya/Collector, Amanda Leon/Customer Service Rep., Kathy Coca/Cashier, Tammy Rael/Billing Manager, Crystal Martinez/Collections Dept. Customer Service Rep., Desserae Cordova/Part Time Customer Service Rep., Ophelia Trujillo/Collections Supervisor, Rose Marie Apodaca/Customer Service Rep.
Front Row: Wanda Munoz/ Customer Service Rep., Amy Atencio/Cashier/Customer Service Rep., Annette Rael/Customer Service Rep., Roberta Romero/Customer Service Rep.
Not Pictured: Sandra Villalobos/Customer Service Rep., Patsy Calhoun/Collections Dept., Leonard Griego/Collector

MEET THE EMPLOYEES

METER DEPARTMENT



Back Row: Richard Valerio/ 4th Year Apprentice Meterman, John A. Ortega/4th Year Apprentice Meterman, David Medina/Meter Reader, Gary Martinez/Journeyman Meterman, Eligio Vigil/4th Year Apprentice Meterman **Front Row:** Glen Romero/Meter Dept. Supervisor, Robert Martinez/Meter Reader, John Jaramillo/Journeyman Meterman, Audrey Cordova/Customer Service Rep., Roy Lopez/2nd Year Apprentice Meterman

OPERATIONS DEPARTMENT



Top: Dennis Gonzales/Operations Supervisor, Ray Rael/ Operations Supervisor **Back Row:** Carlos Rivera/Lead Lineman, Sidney Trujillo/Tree Trimmer, Alonzo Vissaraga/Class A Operator, Aaron Trujillo/1st Year Apprentice, Matthew Suazo/Lead Lineman, Daniel A. Martinez/Journeyman Lineman, Nelson Romero/2nd Year Apprentice, Joe Ortega/Class A Operator, Anthony Vigil/1st Year Apprentice, Edward Trujillo/Lead Lineman, Johnny Sisneros/ Journeyman Lineman, Adam Montoya/Journeyman Lineman, Michael Herrera/Lead Lineman, James Suazo/2nd Year Apprentice, Kevin Vigil/Temp Tree Trimmer **Front Row:** Justin Varela/Temp Tree Trimmer, Johnny Gurule/Sr. Groundman, Logan Gurule/1st Year Apprentice, Jaime Mares/Lead Lineman, Antonio Salazar/1st Year Apprentice, Horacio Archuleta/Sr. Groundman, Gerrick Romero/Tree Trimmer, Ronald Campos/1st Year Apprentice, Darrell Vigil/Temp Tree Trimmer **Not Pictured:** Gordon Bond/Journeyman Lineman, William Arko/Lead Lineman, Isaac Padilla/2nd Year Apprentice, Donn Davies/4th Year Apprentice, Roman Apodaca/2nd Year Apprentice

MECHANICS



Left to Right: Rudy Mascarenas, Tommy Ocana, Jerry Chacon

LINE LOCATORS



Left to Right: Armando Ortega, Gilbert Martinez (Mechanic Helper), Rodney Arellano

MEET THE EMPLOYEES

KIT CARSON TELECOM



Back Row: Martin Dimas/ Network Administrator, Andrew Gonzales/ Public Information Officer/Broadband Marketing, Cesar Ward/Fiber Optic Technician, Isaac Martinez/Lead Installer, Jacob Montoya, Installer, Luis Chavira/Installer, Alfredo Lopez/Installer, Lucas Martinez/Temp Installer, Roger Blanco/Temp Installer, Michael Nolen/Acting Telecom Manager **Front Row:** Francina Trujillo/Customer Service Rep., Adeliada Dominguez/ Telecom Administrator, Janet Cunico/Customer Service Rep., Sandra Richardson/Customer Service Rep. **Not Pictured:** Jose Lovato/Fiber Project Engineer, David Branchal/Sales and Marketing

TAOS REGIONAL COMMAND CENTER



Left to Right: Mariano Valdez/SCADA Operator, Lisa Muniz/System Dispatch Operator, Eve Trujillo/System Dispatch Operator

HUMAN RESOURCE/SAFETY/CUSTODIAN



Left to Right: Jake Ortega/Custodian, Andrea Chavez/Human Resource Manager, Deborah Madrid/Human Resource Staff Secretary, Richard Garcia/Safety Coordinator

KIT CARSON ENERGY



Back Row: Raymundo Terrazas/Field Supervisor/Safety Coordinator, James Gurule/Meter Reader **Middle Row:** Jacob Roybal/Driver, Mark Tafoya/Driver, David Quintero/Driver, Matthew Trujillo/Driver, Devin Ortega/ Seasonal Summer Intern **Front Row:** Lawrence Vigil/Propane Manager, Margaret Gonzales/ Billing Clerk/Collections, Melissa Martinez/Customer Service Rep., Helen Archuleta/Accounting Clerk, Carla Esquibel/Office Supervisor, Rebecca Sanchez/Customer Service Rep.

SHOP LOCAL



TAOS!

CONVECTAIR

ELECTRIC HEATERS

500W APERO -- \$172.80

1250W APERO -- \$218.03

750W CALYPSO -- \$353.70

Sale Price - \$267.00

1500W JAZZ -- \$534.00

STEFFES
Heating Systems

ELECTRICAL THERMAL STORAGE (ETS) HEATERS

Prices start from \$995.00

SAFE, CLEAN, COMFORTABLE HEAT * NO SMOKE, NO FUMES, NO MESS * EASY TO
OPERATE * 100% EFFICIENT * UNIQUE FEATURES * BRICK CORE & AIR DISCHARGE



LED BULBS

7/40W - \$3.83

10/60W - \$3.83

**Price includes instant rebate*

CFL BULBS

13/60W -- \$2.00

18/75W -- \$2.00

23/100W -- \$3.00

7/40 Candelabra -- \$4.00

7/40 Candle Base -- \$4.50

15/60W Globe -- \$4.50

11/40W Globe -- \$4.50

15/65W Flood -- \$5.00

23/90W Flood -- \$5.00

23/120W Flood -- \$5.00



ELECTRIC WATER HEATERS

30 GALLON -- \$245.91

(w/\$70 Rebate + tax)

40 GALLON -- \$253.48

(w/\$70 Rebate + tax)

50 GALLON -- \$261.87

(w/\$80 Rebate + tax)

65 GALLON -- \$350.59

(w/\$80 Rebate + tax)

80 GALLON -- \$443.63

(w/ \$80 Rebate + tax)

4 GALLON POINT OF USE --
\$264.03 w/ tax

PowerStream Tankless 6.0 --
\$169.80 w/ tax

PowerStream Tankless 9.0—
\$193.66 w/ tax



KCEC MAIN OFFICE

118 Cruz Alta Road, Taos, NM 87571

P.O. Box 578, Taos, NM 87571

Main Office #575-758-2258

Customer Service # 575-751-9064

To Report an Outage # 575-758-6100

Office Hours: Monday – Friday 8:00am – 4:30pm

Maintenance and Construction Hours: 7:00am – 3:30pm

After Hours and Holidays: 575-758-6100

Automated Bill Pay # 575-751-8132

kitcarson.com



KCEC QUESTA OFFICE

2468 N Hwy 522

P.O. Box 578 Taos, NM 87571

Office Hours: Monday, Wednesday & Friday

8:00am – 4:30pm

Closed for lunch from 12:00pm – 12:45pm

Office # 575-586-2113

Fax # 575-586-2278

***Office hours subject to change without notice.**

KCEC PENASCO OFFICE

25 Hwy (Next to Hwy Dept.)

P.O. Box 578 Taos, NM 87571

Office Hours: Tuesday & Thursday

9:00am – 3:00pm

Closed for lunch from 12:00pm – 12:30pm

Office # 575-587-1900

Fax # 575-587-1999

***Office hours subject to change without notice.**