

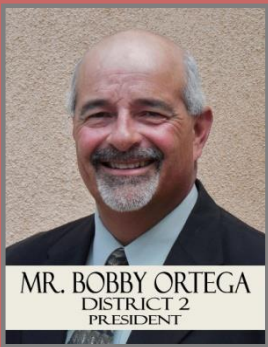


*"Owned by those we serve"*



# 2015 ANNUAL REPORT

# BOARD OF TRUSTEES



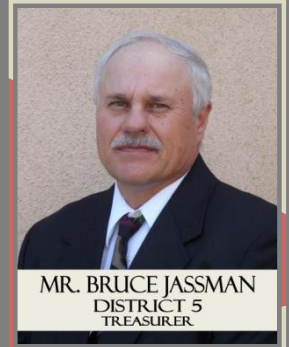
MR. BOBBY ORTEGA  
DISTRICT 2  
PRESIDENT



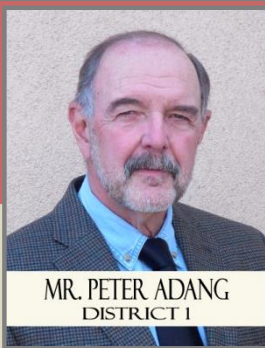
Mr. Cristobal Duran  
Vice-President  
District 4



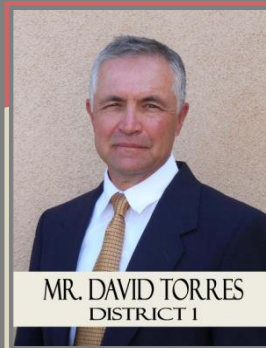
Mr. Manuel Medina  
Secretary  
District 1



MR. BRUCE JASSMAN  
DISTRICT 5  
TREASURER



MR. PETER ADANG  
DISTRICT 1



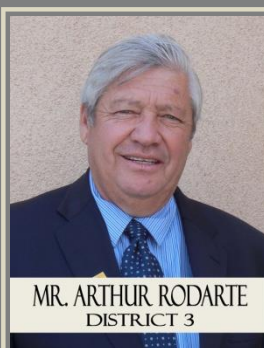
MR. DAVID TORRES  
DISTRICT 1



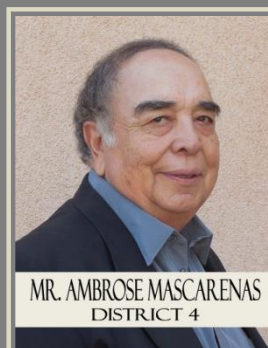
Mrs. Luisa  
Valerio-Mylet  
District 1



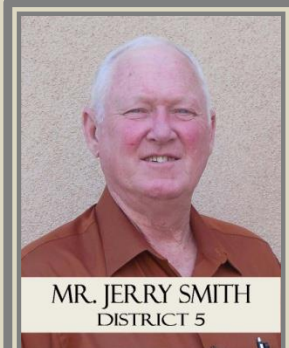
MR. VIRGIL MARTINEZ  
DISTRICT 2



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, CEO-Luis A. Reyes Jr., the management and employees of Kit Carson Electric, Kit Carson Energy, and Kit Carson Telecom, it has been our to serve our members. Kit Carson family of companies will continue to provide the goods and services to our members. With that being said none of which would have been possible without the hard work and dedication of our employees and most importantly the continued support from “YOU” our members. We will continue striving to enhance the quality of life in the products and services we offer for our residents and businesses in the communities Kit Carson Electric serves.

## **Kit Carson Electric Rate Case and associated Operations/Maintenance Overview**

As we continue to move through the procedural process of our 9% proposed rate increase which currently sits before the New Mexico Public Regulation Commission, it is extremely important to discuss the facts that directly impact the need for a rate increase which are very much needed to allow KCEC to continue to provide safe and reliable electric services. As KCEC deploys an extremely active maintenance and tree trimming program which greatly protects member’s lives, properties and greatly mitigates the risk of forest fires these efforts do not come without costs. We continue to upgrade the electric grid for our customers that we serve both in new developments and by replacing existing aging infrastructure. As communities and local governments call for more underground services this increases cost in our operations, but also provides greater electric reliability service.



**Richard Martinez**  
Chief Operating Officer

# CEO REPORT

Other driving factors include increase in property taxes, tribal taxes, cost of business expenses, kilowatt hour (kWh) reduction due to energy efficiency, lack of community growth and the large kWh loss of the Chevron Mining load which was 14% of Kit Carson Electric's overall load, while fixed costs remain the same. Lastly the overall cost of power has also increased. Currently KCEC receives its power from Tri-State G&T whose rates have continually increased. KCEC has challenged and absorbed as best we could without impact thus far to our members. We will continue to look at efficiencies and optimizations within Kit Carson Electric as this far we have avoided filling positions and deferred unnecessary capital expenditures.

Kit Carson Electric asks its members to support your electric Cooperative as the rate increase progresses. In the Cooperative model and spirit it is paramount that we will continue delivering safe, reliable electric service to all our members. Based on KCECs service territory; which cover Taos, Rio Arriba and parts of Colfax County which are diverse and encompass some of the hardest terrain to serve in the state of NM. Kit Carson Electric will continue striving to provide the most reliable and robust quality of life services that members in rural Northern New Mexico are entitled to and have come to expect.

Additionally Kit Carson Electric continues to explore opportunities in renewable energy as we are continually looking for ways to develop solar initiatives on behalf of our members and support “behind the meter” solutions.

On behalf of Kit Carson Electric, its CEO, Board of Trustees and Employees; Thank you for supporting “Your” Member Owned Cooperative.



# FIBER OPTIC SERVICES (Broadband)

## Why was this project important?

Many remote and sparsely populated communities in Taos, Colfax and Rio Arriba counties remain underserved and or unserved by telecommunication infrastructure and do not have access to advanced broadband services at affordable rates. KCEC's Fiber Initiative has already begun to change this. Fiber optic technology has begun to allow KCEC members and Northern New Mexicans to meet the opportunities of the 21st century.

By providing bandwidth from, 5 Megabits to 1 Gigabit to homes and larger user sites, fiber optics is now providing a one-time, long-term solution that will not require upgrading or replacement and today immediately supports advanced applications. 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. Fiber optic services has already begun to 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.

## How many jobs were created?

The project to date has created 405 jobs, 90% which have been local; In total 45 permanent jobs have been created after the construction phase for KCEC's Broadband Business operations and continues to grow as our network continues to grow. Such bandwidth will also aid the private sector to grow and attract new employees to the area greatly enhancing economic development opportunities. This project has and continues to put talented local individuals to work, along with individuals who were greatly impacted by the Chevron Mine closure. This endeavor greatly adds to the economic benefit of our surrounding communities.

# FIBER OPTIC SERVICES-continued

## The immediate benefits of the Fiber-To-The-Home project

- Better online access in areas such as Netflix, YouTube, and Hulu
  - Increased mobile carrier class connectivity ultimately improving cell coverage
  - Improved access to online education and distance learning
  - Improved access to Tele Health/Telemedicine
  - Enabling Green Smart Grid technology to be utilized over fiber optics
  - Increased efficiency of Kit Carson Electric's system improving overall safe and reliable 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.







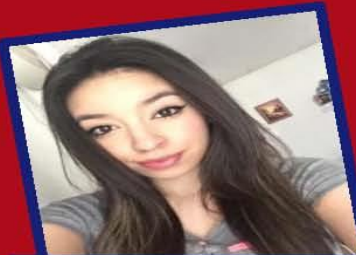
# 2016 GOVERNMENT IN ACTION YOUTH TOUR WINNERS



TOMAS MADRID  
TAOS HIGH



NOAH MARTINEZ  
PENASCO HIGH



KATRINA MONTOYA  
QUESTA HIGH



DARIAN HALDER  
MESA VISTA HIGH



KAYLA NICHOLS  
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;

**“How are electric cooperatives different from other electric utilities?” What role does Kit Carson Electric play?**

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!!

2015-2016

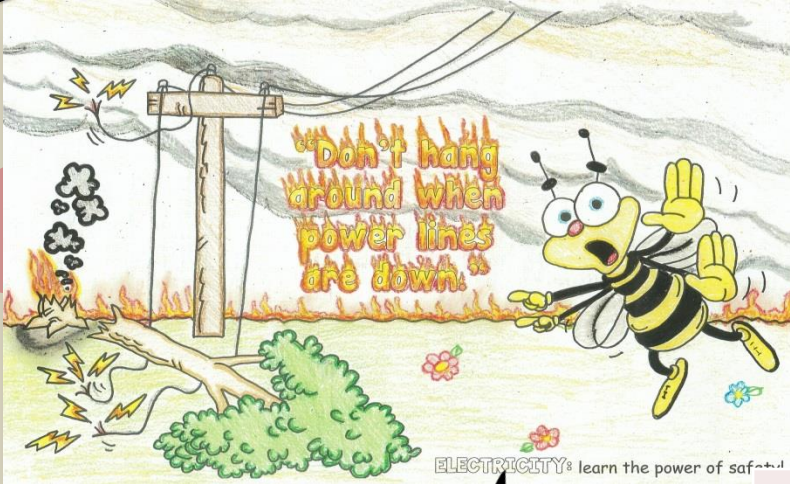
# SAFETY COLORING CONTEST

OVERALL WINNER & 1<sup>ST</sup> PLACE STATEWIDE WINNER

**LUISA MUNOZ– 4<sup>TH</sup> GRADE**

**RANCHOS ELEMENTARY**

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 2016.



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

School	2nd Grade	3rd Grade	4th Grade
Enos Garcia Elementary	Francisco Duarte	Tatyana Quintanilla	Shahd Khweis
Ranchos Elementary	Alyssa Trujillo	Alexandra Romero	<b>Luisa Munoz</b>
T.I.S.A	Fiona Johanna		
Alta Vista Elementary	Jocelene Ortega	Amadea Gallegoes	Kaylee Piper
Red River Valley Charter	Guadalupe Romero	Sophia Martinez	Emma Swan
El Rito Elementary	Andres Maestas	Arron Lucero	Shania Trujillo
Ojo Caliente/ Mesa Vista	Stevan Pena	Estevan Gurule	Mia Garcia
Eagles Nest Elementary	Jeremiah Dean	Angeleigh Gonzales	Katelyn Orthman
La Jicarita	Alex Schoenbaum		
Penasco Elementary	Rochelle Lopez	Elijah Garcia	Kaitlin Autberry
Arroyos Del Norte	Daniel Paul Martinez	Blake Moore	
Taos Day School	Evan Winters	Anthony John Sandoval	Lilliana Lujan
RCSLA	Marissa Ortiz	Ana Hernandez	
Taos Charter	Joaquin Rose		Cleome Bianga
Ananzi Charter		Matisse Yven	
Roots And Wings			Celina Martinez





# **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. Thomas Tafoya, Vice President, District 1 (Taos)**

**Mr. Justin Torres, Secretary/Treasurer, District 5 (Angel Fire)**

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 20 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 **\$484,250.00** in scholarships. 539 scholarships have been awarded since 1997, as follows: District 1 = 181, District 2 = 92, District 3 = 91, District 4 = 90 and District 5 = 85.

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



# Scholarship Recipients

## **DISTRICT 1**

Adam J. Abeyta  
Jade A. Evans  
Rachel Montoya  
Daniel Romero  
Elicia Inez Sanchez

## **DISTRICT 2**

Ronnie A. Bailon  
Paul Passino, Jr.

## **DISTRICT 3**

Raelynn Archuleta  
Kylie M. Gallegos

## **DISTRICT 4**

Alaina Dominguez  
Jade Garcia

## **DISTRICT 5**

Gentry Haukebo  
Hannah Stevenson

## **TRI-STATE SCHOLARSHIP**

Sarah Valdivia  
Jacob Tafoya

## **BASIN SCHOLARSHIP**

Lexi Jassmann

## **CRISTOBAL DURAN SCHOLARSHIP**

Joseph Encinas  
Angel Martinez  
Savanah R. Medina  
Stephanie Rodarte



# BALANCE SHEET & INCOME STATEMENT

## ASSETS

Utility Plant in Service	138,219,342
Construction Work in Progress	4,520,390
Total Utility Plant	142,739,732
Less Accumulated Depreciation	(48,151,166)
<b>Net Utility Plant</b>	<b>\$94,588,566</b>
Non Utility Plant	37,412,631
Investment in Subsidiary	1,165,720
Investments – Assoc. Organizations	14,584,844
<b>Total Other Property &amp; Investments</b>	<b>\$53,163,195</b>
Cash – General	1,968,616
Temporary Cash Investments	93,062
Notes Receivable	8,382
Accounts Receivable	8,240,908
Materials & Supplies	1,778,256
Prepayments	133,168
Other Assets	123,262
Deferred Debits	6,056,410
<b>Total Current &amp; Accrued Assets</b>	<b>\$18,402,064</b>
<b>Total Assets</b>	<b>\$166,153,825</b>

## LIABILITIES

Patronage Capital	41,439,799
Other Margins	170,315
<b>Total Margins &amp; Equities</b>	<b>\$41,610,114</b>

## LONG TERM DEBT

Notes and Accounts Payable	17,772,615
Consumer Deposits	255,265
Other Liabilities	1,854,310
<b>Total Current &amp; Accrued Liabilities</b>	<b>\$19,882,190</b>
Deferred Credits	855,997
<b>Total Liabilities &amp; Equities</b>	<b>\$166,153,825</b>

**Revenue** **\$37,950,976**

## **Expenses**

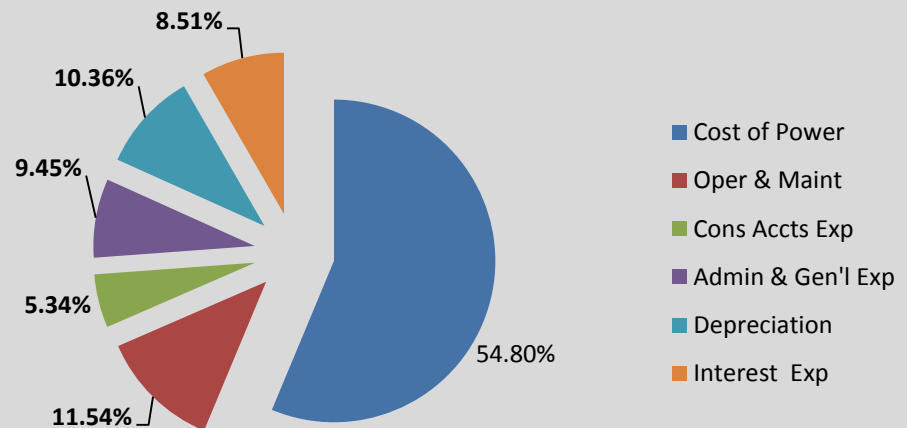
Cost of Power	21,111,274
Operation & Maintenance Expense	4,446,611
Consumer Accounts Expense	2,055,780
Administrative & General Expense	3,639,786

**Total Operation & Maintenance** **\$31,255,451**

Depreciation Expense	3,992,348
Interest Expense	3,279,862

**Total Cost of Electric Service** **\$38,527,661**

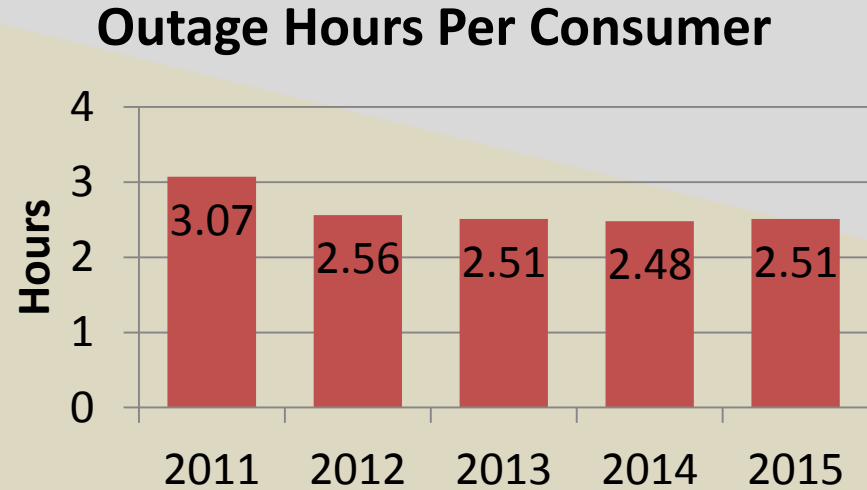
Operating Margins	(576,685)
Interest Income	48,759
Non Operating Margins – Other	(1,602,066)
Other Capital Credits	1,247,660
<b>Patronage Capital or Margins</b>	<b>\$(882,332)</b>



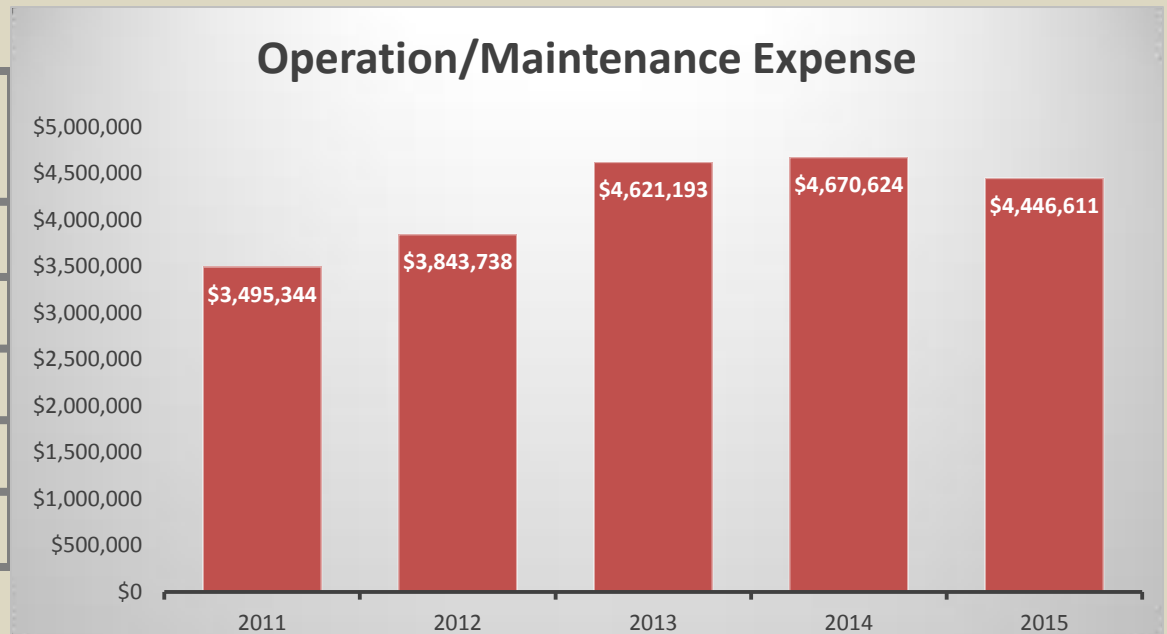


# OPERATIONS & MAINTENANCE EXPENSE

Year	Outage Hours Per Consumer
2011	3.07
2012	2.56
2013	2.51
2014	2.48
2015	2.51



Year	Operation/ Maintenance Expense
2011	\$3,495,344
2012	\$3,843,738
2013	\$4,621,193
2014	\$4,670,624
2015	\$4,446,611



# Kit Carson Energy Incorporated

## Kit Carson Energy, Inc. (KCEI)

Kit Carson Energy Inc., was established in October 2000. The primary goal of KCEI is to provide safe affordable propane and propane services to you, the customers, without gimmicks or hidden fees. KCEI remains solid and viable by offering the best propane prices. KCEI offers a wide range of products and services to accommodate the needs of both commercial and residential sectors.

KCEI continues to deliver propane in a competitive fashion and has set the standards for improved safety practices for all propane customers and companies within the service areas.

KCEI had a profitable year in 2015 in which payments to the Intercompany loan were made. A propane model was made to ensure the company would make a profit to meet company goals. We continue to set the bar as far as the price per gallon and service excellence.

A new propane bottle dock was installed at 201 Cruz Alta located in Taos. This new location has increased bottle fill sales and provides a more efficient and safe environment to both customers and employees. A new 2015 Kenworth Propane bobtail was also purchased and put into service to replace an older propane bobtail to lower maintenance costs.

KCEI has a 24 hour 7 days a week standby crew ready to serve its customers with Propane "out of gas calls" or emergencies that could arise. KCEI; owned by those we serve.



## KIT CARSON ENERGY EMPLOYEES



**Back Row Left to Right:** David Quintero/Service Technician, Matthew Trujillo/Driver Technician, Jacob Roybal/Driver, Raymundo Terrazas/Field Supervisor/Safety Coordinator, James Gurule/Meter Reader **Front Row:** Carla Esquibel/Office Supervisor, Melissa Martinez/Customer Service Rep., Helen Archuleta/Accounting Clerk, Rebecca Sanchez/Customer Service Rep. Margaret Gonzales/Billing & Collections, Lawrence Vigil/Propane Manager  
**Not Pictured:** Michael Espinoza/Seasonal Driver

# MEET THE EMPLOYEES

## ACCOUNTING DEPARTMENT



**Left to Right:** Richard Jeantet/Purchasing Agent, Geraldine Romero/Senior Accountant, Paul Martinez/Warehouse Supervisor, Deborah Madrid/Accountant, Sandra Quintana/Payroll Clerk, Augustina Torres/ Part Time Bookkeeper, Kenny Varos/Warehouseman, Johnny Valerio/Financial Manager

## ADMINISTRATION DEPARTMENT



**Back Row Left to Right:** Renee Romero/General Secretary, Michelle Polanco/Receptionist, Cathy Romero/Receptionist, Daniel Trujillo/ Network Administrator, **Front Row:** Carmella Suazo/ Administrative Assistant, Sara Trujillo/ Staff Secretary, Nadine Varela/Project Coordinator, Joyce Archuleta/ Executive Secretary.

## 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, Kathy Coca/Collections Supervisor, Rose Marie Apodaca/Customer Service Rep., Wanda Munoz/ Customer Service Rep., Leonard Griego/Collector **Front Row:** DeAndrea Chavez/Cashier, Ariana Archuleta/Cashier, Amy Lopez/Customer Service Rep., Annette Rael/Customer Service Supervisor., Roberta Romero/Customer Service Rep. **Not Pictured:** Sandra Villalobos/Customer Service Rep., Desserae Cordova/Customer Service Rep., Jesucita Lopez-Lovato, Collections



# MEET THE EMPLOYEES

## METER DEPARTMENT



**Back Row Left to Right:** Julian Mondragon/4<sup>th</sup> Year Apprentice Meterman, David Medina/Meter Reader, Robert Martinez/Meter Reader, Eligio Vigil/4<sup>th</sup> Year Apprentice Meterman, Glen Romero/Meter Dept. Supervisor, **Front Row:** John Jaramillo/Journeyman Meterman, Richard Valerio/ 4<sup>th</sup> Year Apprentice Meterman, Audrey Cordova/Customer Service Rep., Roy Lopez/2<sup>nd</sup> Year Apprentice Meterman  
**Not Pictured:** Gary Martinez/Journeyman Meterman, John A. Ortega/4<sup>th</sup> Year Apprentice Meterman

## OPERATIONS DEPARTMENT



Dennis Gonzales,  
Line Supervisor  
URD



**Back Row Left to Right:** Joseph Gurule/Temp Tree Trimmer, William Arko/Lead Lineman, Roman Apodaca/3<sup>rd</sup> Year Apprentice Lineman, James Suazo/4<sup>th</sup> Year Apprentice Lineman, Daniel A. Martinez/Journeyman Lineman, **Middle Row:** Isaac Padilla/1<sup>st</sup> Year Apprentice Lineman, Carlos Rivera/Lead Lineman, Adam Montoya/Journeyman Lineman, Gordon Bond/Journeyman Lineman, Edward Trujillo/Lead Lineman, Joe Ortega/Class A Operator, Sidney Trujillo/1<sup>st</sup> Year Apprentice Lineman, Kevin Vigil/1<sup>st</sup> Year Tree Trimmer, Anthony Vigil/1<sup>st</sup> Year Apprentice Lineman, Nelson Romero/2<sup>nd</sup> Year Apprentice Lineman **Front Row:** Ray Rael/Line Supervisor, Anthony Salazar/1<sup>st</sup> Year Apprentice Lineman, Horacio Archuleta/Sr.Groundsman, Johnny Sisneros/Journeyman Lineman, Jaime Mares/Lead Lineman, Justin Varela/1<sup>st</sup> Year Tree Trimmer, Gary Maestas/Tree Trimmer, Michael Medina/Journeyman Lineman, Dennis Gonzales/Line Supervisor, Darrell Vigil/1<sup>st</sup> Year Tree Trimmer.  
**Not Pictured:** Alonzo Visarraga/Class A Operator, Matthew Suazo/Lead Lineman, Johnny Gurule/Sr. Groundsman, Gerrick Romero/1<sup>st</sup> Year Apprentice Lineman, Jacob Martinez/Temp Tree Trimmer

## MECHANICS



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

## LINE LOCATORS



**Left to Right:** Armando Ortega, Rodney Arellano



Ray Rael  
Line Supervisor  
OH

# MEET THE EMPLOYEES

## KIT CARSON TELECOM



**Back Row Left to Right:** Robert Gurule, Tech Support, Michael Nolen/Office Supervisor Andrew Gonzales/Public Information Officer, Jose Duran/Information Technologist, Jose Lovato/OSP/FOS Engineer-Manager, David Branchal/Sales & Marketing, Isaac Martinez/Lead Installer, Fabian Flores/Sales/Customer Service, Michael Marquez, Temp Installer, DeAngelo Trujillo/Temp Installer, Luis Chavira/Installer, Alfredo Lopez/Installer, Roger Blanco/Installer, Felix Gurule/Temp Installer, Martin Dimas/ Network Administrator, Johnny Griego/Customer Service Rep., Front Row: Janet Cunico/Customer Service Rep., Ashley Lopez/Seasonal Summer Intern, Sandra Richardson/Customer Service Rep. Francina Trujillo/Customer Service Rep., Edwin Cordova/Temp Installer, Nathan Montoya/Temp Installer **Not Pictured:** Lucas Martinez/Installer, Adeliada Dominguez/ Voice Administrator

## DISPATCH 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-Archuleta /Human Resource Manager, Richard Garcia/Safety Coordinator  
**Not Pictured:** Michael Santistevan/Human Resource/Public Relations Aid

## KIT CARSON ENERGY



**Back Row Left to Right:** David Quintero/Service Technician, Matthew Trujillo/Driver Technician, Jacob Roybal/Driver, Raymundo Terrazas/Field Supervisor/Safety Coordinator, James Gurule/Meter Reader **Front Row:** Carla Esquivel/Office Supervisor, Melissa Martinez/Customer Service Rep., Helen Archuleta/Accounting Clerk, Rebecca Sanchez/Customer Service Rep. Margaret Gonzales/ Billing Clerk/Collections, Lawrence Vigil/Propane Manager, **Not Pictured:** Michael Espinoza/Seasonal Driver



## 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](http://kitcarson.com)



## Kit Carson Telecom

116 Cruz Alta Road, Taos, NM 87571

P.O. Box 578 Taos, NM 87571

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

Weekend Hours-Customer Service

Saturday & Sunday 8:00 a.m.-12:00 noon

Office # 575-758-4838

[kitcarsontelecom.com](http://kitcarsontelecom.com)



## Kit Carson Energy Inc.

201 Cruz Alta Road

P.O. Box 550 Taos, NM 87571

Office Hours: Monday-Friday 8:00 a.m. to 4:30 p.m.

Office # 575-758-7757

[kitcarsonenergy.com](http://kitcarsonenergy.com)

