

# KIT CARSON ELECTRIC COOPERATIVE

*"Owned by those we serve"*

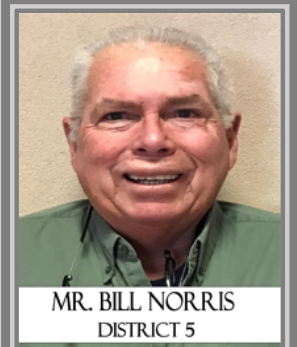
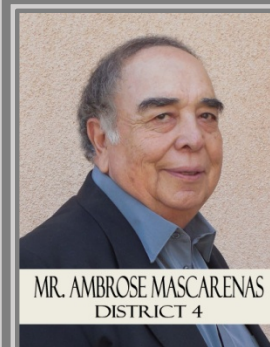
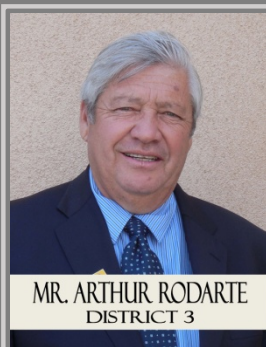
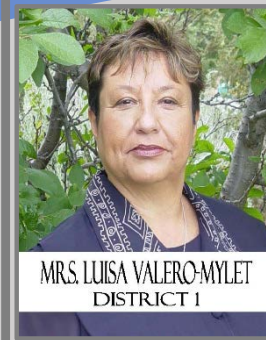
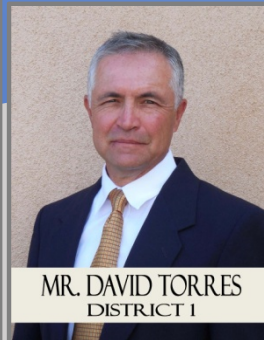
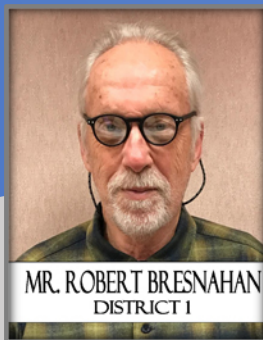
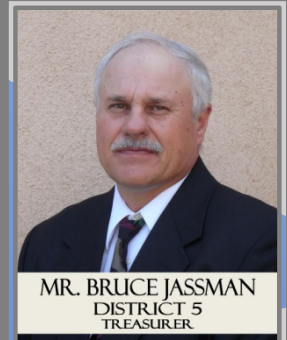
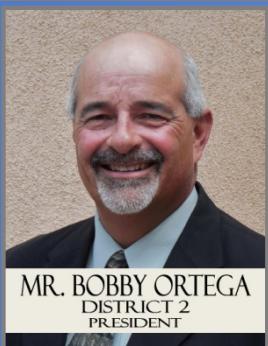


KIT CARSON  
ENERGY, INC  
(575) 758-7757

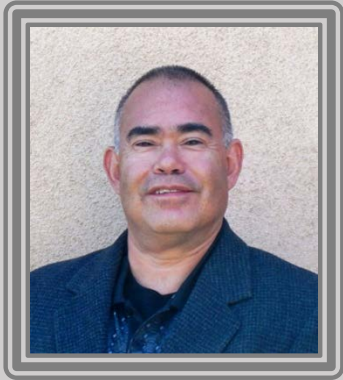


# 2016 ANNUAL REPORT

# BOARD OF TRUSTEES



# CEO REPORT



**Luis A. Reyes, Jr.**  
Chief Executive Officer



**Richard Martinez**  
Chief Operating 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 distinct pleasure serving our members in 2016. The Kit Carson family of companies has made and continues to make great strides in our territory, in providing the goods and quality of life services to our members have come to rely on. In keeping our focus and core values tied to the Cooperative spirit all of our successes could not have been possible without the dedication of our employees and most importantly the continued support from “YOU” our members. Thank you all for a successful year, we will continue to work hard on your behalf.

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

In 2016 KCEC embarked on several successful ventures. One of the most notable was the successful exit of our 2040 contract with Tri-State, unilaterally KCEC secured a new power supplier, Guzman Energy and now our members have a 10 year short term fixed cost of power purchase contract, and a plan to develop 35Mw's of Solar Power by 2022, which will allow KCEC generate 100% of its year round day time power supply from the sun. KCEC was also successful in negotiating our much needed rate increase which is tied directly to fixed costs and system reliability. Overhead line modernization and maintenance was one of the key components and need for the rate increase. KCEC deploys an extremely aggressive tree trimming program which greatly protects member's lives, properties and greatly mitigates the risk of forest fires. 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 these vital services increase cost in our operations, but also provides greater access to electric service and greatly improves system reliability.

# CEO REPORT

Other driving factors include continuing increases 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, all while fixed costs remain the same.

Kit Carson Electric wishes to sincerely thank our members for supporting your electric Cooperative through the rate case process. In the Cooperative model and spirit it is paramount that we continue to deliver safe, reliable electric service to all our members. KCECs service territory; which encompasses Taos, Rio Arriba and parts of Colfax County are extremely 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.

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



# FIBER OPTIC SERVICES



## **Fiber Project Update**


Kit Carson Telecom (KCT) has over 4,800 residential and small business customers connected to true high speed internet via fiber optics in nearly every territory serviced by KCEC, at speeds of 30Mbps or greater. KCT continues to add an average of 325-400 customers to fiber every month. This brings KCT's total network subscribership across all products to over 5,900 customers. KCT continues to enhance its network reliability and service offerings which will now include 24/7/365 U.S. based technical support and monitoring, carrier class phone service for residential and commercial customers via our partners at Star2Star, and we now offer residential and commercial security systems through our local partners at Security Systems of New Mexico. KCT will continue to look for the enhanced products and services that will greatly improve not only our product offerings but will continue to greatly improve the quality of life for our members. Our project has and continues to create an abundance of opportunities for our members. From greater access to Tele-Medicine and Tele-Health, online education opportunities to long term sustainable economic development opportunities through job creation in our region.

## **How many jobs were created?**

Today, (KCT) has over 32 employees directly tied to the day to day operations of delivering broadband services and we continue to grow as we continue to expand our services offering. Nearly all in-house employees are local to the communities KCEC/KCT serves. Additionally, to date the project has created 405 jobs, 90% which have been local; which were tied to physical main line construction. It has also given our local contractors and their laborers the experience and the skillsets to bid, and obtain projects outside the KCT service territory. As broadband has become a major national focus to bridge the digital divide by telecom companies, other electric cooperatives, governmental entities, and communities in general, KCT's project will continue to enhance job creation on many levels, KCT is extremely proud that through this project we have had the ability to expose the talents through local labor force that existed right here within our community, and that those individuals, along with many more to come now have the opportunity to capitalize on opportunities available through this ever advancing technology. This endeavor has greatly added to the economic viability 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
- 
- KCEC/KCT now serves members with high speed services in the areas of Amalia, Costilla, Questa, Arroyo Hondo, Arroyo Seco, Taos, Penasco, Angel Fire, and Red River. The connection phase began with those entities that provide critical infrastructure services such as hospitals, municipal administrations, libraries, and public schools. KCEC/KCT is working diligently to insure that every member in the service area wishing to receive high speed connectivity through KCT will be connected.



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;

**“Describe the impact of Rural Cooperatives in a small community. How does Kit Carson impact your community?”**

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!!

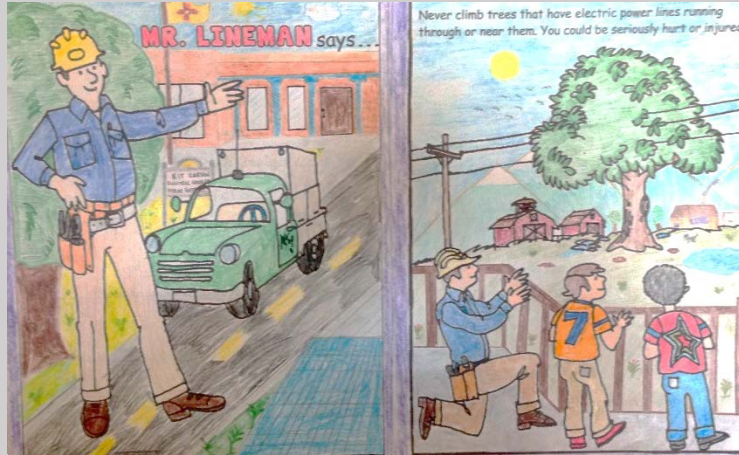
2016-2017

# SAFETY COLORING CONTEST

## OVERALL WINNER

**Alexa Armendariz– 4<sup>TH</sup> GRADE**

**Enos Garcia 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 2017.

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	Hugo Rosales	Jayden Trujillo	<b>Alexa Armendariz</b>
Ranchos Elementary	Josiaha Valerio Martinez	Jennifer Hernandez	Maria Valdez
T.I.S.A	Siena P	Flora	
Alta Vista Elementary	Diego Ortega	Cieara Vialpando	Delilah Rael
Red River Valley Charter	Zoe Larson	Jacob Soltero	Haddi Rychlik
El Rito Elementary	Alyssa Valdez	Valery	
Ojo Caliente/ Mesa Vista			Kaelynn Trujillo
Eagles Nest Elementary	Penelope Avitia	Jeremiah Dean	Lauren Bertges
Penasco Elementary	Walter Trujillo	Kaileb Atencio	Alexus Romero
Arroyos Del Norte	Donovan Martinez		Mariana Montoya
Taos Day School	Leia Mondragon		
RCSLA	Isaac Segura	Marissa Ortiz	Ana Hernandez
Taos Charter	Alyanna Archuleta	Lucy Shreiber	Esperanza Romero
Taos International School	Emma Hayett		



# KIT CARSON ELECTRIC EDUCATION FOUNDATION, INC.

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)**
- **Mr. Franklin Fernandez Jr., Director, District 4**

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 **\$490,750.00** in scholarships. 552 scholarships have been awarded since 1997, as follows: District 1 = 186, District 2 = 94, District 3 = 93, District 4 = 92 and District 5 = 87.

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



## Scholarship Recipients

### DISTRICT 1

Elena Espinoza  
Johnny Montano  
Miguel Quintana  
Elizabeth Reyes  
Gilberto Valerio

### DISTRICT 2

John Ortiz  
Miguel Rael

### DISTRICT 3

Darian Halder  
Lawrence Holterman

### DISTRICT 4

Charlyna Gonzales  
Isaac Gurule

### DISTRICT 5

Taner Tibljas  
Isabel Tafoya

### CRISTOBAL DURAN SCHOLARSHIP

Dominique Abeyta  
Charlyna Gonzales  
Isaac Gurule



*Class  
of 2017*



# BALANCE SHEET & INCOME STATEMENT

## ASSETS

Utility Plant in Service	141,639,031
Construction Work in Progress	4,394,554
Total Utility Plant	164,033,585
Less Accumulated Depreciation	(51,085,236))
<b>Net Utility Plant</b>	<b>\$94,948,349</b>
Non Utility Plant	38,673,609
Investment in Subsidiary	1,078,480
Investments – Assoc. Organizations	14,913,533
<b>Total Other Property &amp; Investments</b>	<b>\$54,665,622</b>
Cash – General	3,475,470
Temporary Cash Investments	93,110
Notes Receivable	9,609
Accounts Receivable	8,646,650
Materials & Supplies	1,764,225
Prepayments	120,898
Other Assets	120,423
Deferred Debits	5,466,598
<b>Total Current &amp; Accrued Assets</b>	<b>\$19,696,983</b>
<b>Total Assets</b>	<b>\$169,310,954</b>

## LIABILITIES

Patronage Capital	41,096,624
Other Margins	247,969
<b>Total Margins &amp; Equities</b>	<b>\$41,344,593</b>

## LONG TERM DEBT

Notes and Accounts Payable	8,093,395
Consumer Deposits	305,115
Other Liabilities	1,916,860
<b>Total Current &amp; Accrued Liabilities</b>	<b>\$10,315,370</b>
Deferred Credits	1,239,844
<b>Total Liabilities &amp; Equities</b>	<b>\$169,310,954</b>

**Revenue** **\$40,802,825**

## **Expenses**

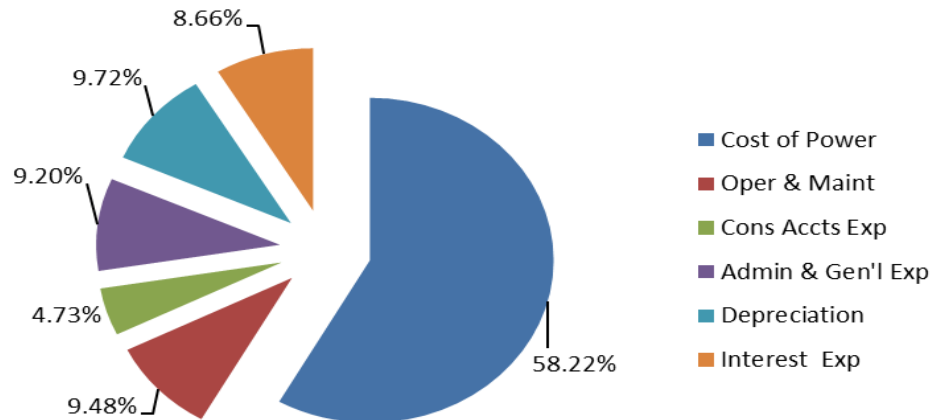
Cost of Power	23,354,681
Operation & Maintenance Expense	3,802,726
Consumer Accounts Expense	1,897,319
Administrative & General Expense	3,689,545

**Total Operation & Maintenance** **\$32,744,271**

Depreciation Expense	3,897,985
Interest Expense	3,475,718

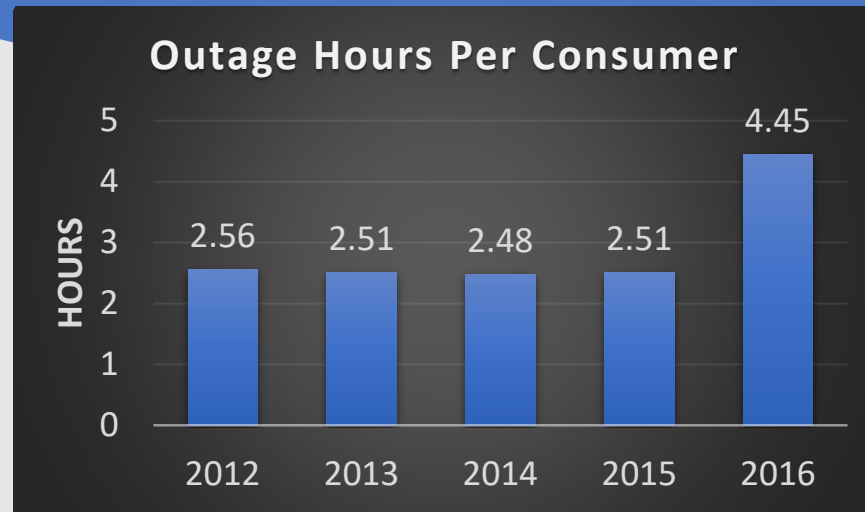
**Total Cost of Electric Service** **\$40,117,974**

Operating Margins	684,851
Interest Income	39,852
Non Operating Margins – Other	(1,099,586)
Other Capital Credits	512,907
<b>Patronage Capital or Margins</b>	<b>\$138,024</b>

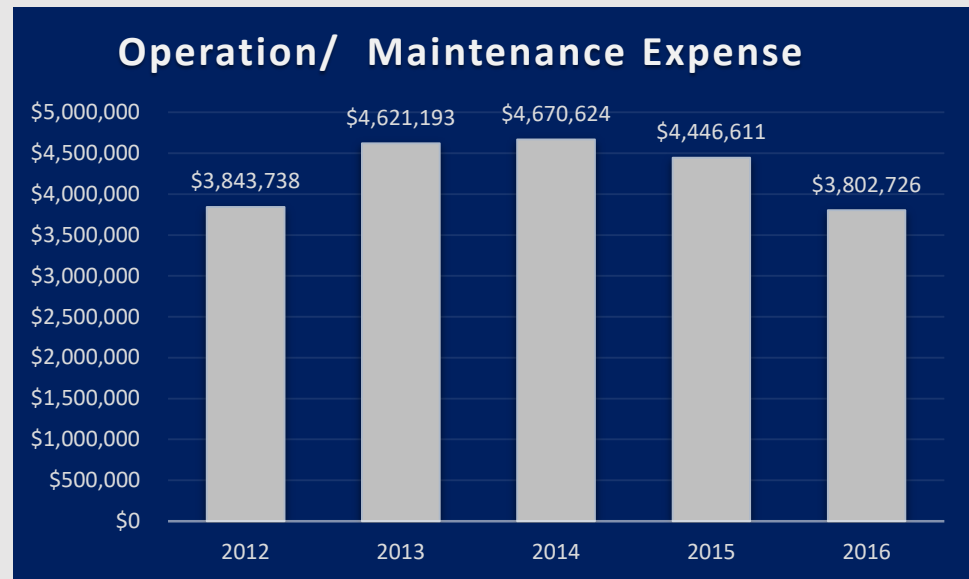


# OPERATIONS & MAINTENANCE EXPENSE

Year	Outage Hours Per Consumer
2012	2.56
2013	2.51
2014	2.48
2015	2.51
2016	4.45



Year	Operation/ Maintenance Expense
2012	\$3,843,738
2013	\$4,621,193
2014	\$4,670,624
2015	\$4,446,611
2016	\$3,802,726



# Kit Carson Energy Incorporated



**Kit Carson Energy Inc. was established in October of 2000. Kit Carson Energy provides 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. We continue to set the bar as far as the price per gallon and excellent service.**

**KCEI had a profitable year 2016 in which payments of \$836.000 to the Intercompany loan were made. The building was paid off and a new parking lot was paved and striped giving the company a great fresh look with its makeover.**

**KCEI now has the ability for customers to receive E-billing and E-pay and to view our website for our current daily propane prices and current new customer specials. KCEI has a 24 hour 7 days a week standby crew ready to serve its customers with Propane or emergencies that could arise.**

**We have a fully trained staff of friendly employees that are ready to assist you with excellent customer service.**

**KCEI Participates in the community whenever possible by employee participation. The following are just a few of our community endeavors: Taos Feeds Taos, Big Brothers Big Sisters, Rough Riders, Home and Garden Expo, County Fair, Taos Mountain Balloon Rally, Trunk O' Treat, For The Health of it, and Taos Tiger Basketball and Cheer Program.**

## KIT CARSON ENERGY EMPLOYEES



PROVIDING OUR COMMITMENT TO  
THE COMMUNITY BY PROVIDING  
EXCELLENCE IN CUSTOMER SERVICE.



# MEET THE EMPLOYEES

## ACCOUNTING DEPARTMENT



**Left to Right:** Richard Jeantet/Purchasing Agent, Deborah Madrid/Accountant, Kenny Varos/Warehouseman, Geraldine Romero/Senior Accountant, Paul Martinez/Warehouse Supervisor, Sandra Quintana/Payroll Clerk, Johnny Valerio/Financial Manager. **Not Pictured:** Agustina Torres/ Part Time Bookkeeper

## ADMINISTRATION DEPARTMENT



**Back Row Left to Right:** Erinellene Sanborn/Business and Organizational Development, Brianna Trujillo/General Secretary, Michelle Polanco/Receptionist, Cathy Romero/Receptionist, Daniel Trujillo/ Network Administrator, **Front Row:** Joyce Archuleta/ Executive Secretary, Elizabeth Trujillo/Customer Service Rep., Carmella Suazo/ Administrative Assistant, Nadine Varela/Project Coordinator.

## ENGINEERING DEPARTMENT



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

## BILLING DEPARTMENT



**Back Row:** Sandra Villalobos/Customer Service Rep, Desserae Cordova/Customer Service Rep, Ophelia Trujillo/Collections Supervisor, Kathy Coca/Collections, Nelson Tafoya/Collector. **Middle Row:** Leonard Griego/Collector, Rose Marie Apodaca/Customer Service Rep., Ariana Archuleta/Customer Service Rep., Brittany Sanchez/Cashier **Front Row:** Amy Lopez/Customer Service Rep., Annette Rael/Customer Service Supervisor, Roberta Romero/Customer Service Rep., Carmella Suazo/ Administrative Assistant. **Not Pictured:** DeAndra Chavez/Cashier.

# MEET THE EMPLOYEES

## METER DEPARTMENT



**Left to Right:** Glen Romero/Meter Dept. Supervisor, Richard Valerio/ 4<sup>th</sup> Year Apprentice Meterman, David Medina/Meter Reader, Eligio Vigil/4<sup>th</sup> Year Apprentice Meterman, Julian Mondragon/4<sup>th</sup> Year Apprentice Meterman, Audrey Cordova/Customer Service Rep., John Jaramillo/Journeyman Meterman, Roy Lopez/2<sup>nd</sup> Year Apprentice Meterman, Robert Martinez/Meter Reader

## OPERATIONS DEPARTMENT



Dennis Gonzales,  
Line Supervisor  
URD



**Back Row Left to Right:** Joe Ortega/Class A Operator, Edward Trujillo/Lead Lineman, Jacob Martinez/1<sup>st</sup> Year Apprentice Lineman, William Arko/Lead Lineman, Carlos Rivera/Lead Lineman, Michael Medina/ Journeyman Lineman, Matthew Suazo/Lead Lineman, Alonzo Visarraga/Class A Operator , Anthony Vigil/2<sup>nd</sup> Year Apprentice Lineman, Gordon Bond/Journeyman Lineman, Orlando Archuleta/ Temp Tree Trimmer, Orlando Dimas/Temp Tree Trimmer, Armando Ortega/ Line Spotter .**Front Row:** Dennis Gonzales/Line Supervisor, Horacio Archuleta/Sr.Groundsman, Jaime Mares/Lead Lineman,Gary Maestas/1<sup>st</sup> Year Apprentice, Josh Rodriguez/Temp Tree Trimmer, Fidel Lopez/Journeyman Lineman, Anthony Salazar/2<sup>nd</sup> Year Apprentice Lineman, Darrell Vigil/1<sup>st</sup> Year Lineman Apprentice, Johnny Sisneros/Journeyman Lineman, Austin Martinez/Temp Tree Trimmer, Ray Rael/Line Supervisor **Not Pictured:** Rodney Arellano,Johnny Gurule/Sr. Groundsman, Justin Varela/1<sup>st</sup> Year Lineman Apprentice

## MECHANICS



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



Ray Rael  
Line Supervisor  
OH



# MEET THE EMPLOYEES

## KIT CARSON TELECOM

## HUMAN RESOURCE/SAFETY/CUSTODIAN



**Back Row Left to Right:** Alfredo Lopez/Lead Installer/Splicer, Edwin Cordova/Installer/Estimator/, Felix Gurule/Installer, DeAngelo Trujillo/Installer, Dave Trujillo/Installer, Dale Quintana/Installer. **Middle Row:** Jose Lovato/OSP/FOS Engineer-Manager, Zeke Mares/Customer Service Rep., Stacey Danis/Customer Service Rep., Johnny Griego/ Inventory Control Specialist, Jose Duran/Information Tech, Dave Trujillo/Installer, Michael Marquez/Fiber Tech 1, David Branchal/Sales/Marketing, Daniel Martinez/Installer. **Front Row:** Andrew Gonzales/ Public Information Officer, Brenda Cordova/Billing Customer Service Supervisor, Janet Cunico/ Customer Service Rep., Isaac Martinez/Lead Installer Supervisor, Laura Valerio/Fiber Specialist, Logan Gurule/ Customer Support, Denise Ortega/Customer Service Rep., Sandra Richardson/Customer Service Rep. Francina Trujillo/Customer Service Rep., Nathan Montoya/Temp Installer, Martin Dimas/Network Architect. **Not Pictured:** Lucas Martinez/Installer, Adeliada Dominguez/ Voice Administrator

## DISPATCH CENTER



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

**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:** Matthew Trujillo/Driver Technician, Raymundo Terrazas/Field Supervisor/Safety Coordinator, James Gurule/Meter Reader, Robert Cisneros/ Driver, Jacob Roybal/Driver **Middle Row:** Margaret Gonzales/ Billing Clerk/Collections, Carla Esquibel/Office Supervisor, Lawrence Vigil/Propane Manager, Corine Dimas/Customer Service Rep. **Front Row:** LauraLee Martinez/Customer Service Rep., Helen Archuleta/Accounting Clerk, Melissa Martinez/Customer Service Rep. **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



## 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



## 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





