



2018 ANNUAL REPORT

CELEBRATING 75 YEARS

› KCEC Board of Trustees



Bobby Ortega
District 2
President



Cristobal Duran
District 4
Vice President



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Bruce Jassmann
District 5
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District 1



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District 3



Bob Brenahan
District 1



Bernie Torres
District 2




Russ Coyle
District 5



Michael H. Romero
District 4

› CEO Report



“Guzman and KCEC are constructing and deploying their distributed energy generation fleet that will meet ETA targets eight years before any NM coop or investor owned utility”



Luis A. Reyes Jr., CEO



Carmella Suazo
Assistant Manager

*“owned by
those we
serve”*



Richard Martinez
COO

On behalf of the Board of Trustees, CEO-Luis A. Reyes Jr., the management team and employees of Kit Carson Electric, Kit Carson Propane, and Kit Carson Internet, it has been our distinct pleasure serving our members throughout 2018. The Kit Carson family of companies has made and continues to make great strides in our service territory, in providing quality products and quality of life services that our members have come to rely on. All of our successes would not have been possible without the dedication of our employees and most importantly, the continued support from - “YOU” - our members. We will continue to work hard on your behalf by remaining aligned with our core values and Cooperative Principles. Thank you for a successful year!

In 2018, Kit Carson Electric Cooperative (KCEC) and its energy supplier Guzman Energy are continuing to move the co-op toward its goal of being 100 percent daytime solar reliant by 2022. The co-op has issued a Request for Proposals to add seven megawatts of solar capacity to include storage by the end of 2020. The project aims to build on the solar arrays that KCEC has installed over the past 12 years and will bring the co-op to a total of 25 of the 35 megawatts required to meet the 100% daytime solar goal. Guzman and KCEC joined forces in July 2016 with a goal of expanding the co-op’s renewable energy capacity while lowering costs for members. The multi-year agreement is expected to result in a cost

CEO Report Cont..

100 % Daytime So

Eagle Nest Solar Array - “ a giant step towards delivering clean, dependable, & affordable energy to our community. We’re grateful to Kit Carson and Guzman Energy”

Richard Cordova, Mayor of Eagle Nest, NM

savings of \$70 million, and allows KCEC the flexibility to select the energy sources that provide the best cost and environmental benefits to the communities it serves. As a result, KCEC set a goal to make the territory one of the “greenest” cooperatives in the country.

KCEC continues to deploy an extremely aggressive tree trimming program which greatly protects member’s lives, properties and mitigates the risk of forest fires. Tree trimming is imperative for the health of our watersheds, forests and homes. We continue to upgrade the electric grid through new developments and by replacing existing aging infrastructure. As communities and local governments call for more underground infrastructure, the new installations are providing vital improvements in system reliability. This year KCEC completed major infrastructure upgrades in Angel Fire, Red River and Taos Ski Valley.

KCEC is committed to keeping costs low given the business challenges we face. Some of those are the continuing increases in property taxes and tribal taxes. Other challenging elements are the cost of business expenses and the reduction in kilowatt hour (kWh) sales due to energy efficiency.

Kit Carson Electric wishes to sincerely thank our members for supporting your local Electric Cooperative.

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


Sincerely,

Luis A. Reyes, Jr.
CEO



› KCEC Solar Update

Solar by 2022!



The Picuris Pueblo solar array is the largest solar array of any pueblo in New Mexico. Located in Penasco, NM, the array provides power for approximately 600 homes.

KCEC's project is creating an energy road-map to develop up to 35 megawatts (MW) in small solar arrays by 2022 that will result in providing 34 percent of the total electricity demand and 100% during daylight hours on sunny days. KCEC will also implement a battery technology demonstration project, thus further advancing the renewable energy opportunities in the Enchanted Circle.

KCEC currently has approximately ten MWs of solar renewables online, which accounts for 30 percent of the daytime load. An additional seven to fourteen MWs of solar energy are planned and scheduled for construction in 2019. These solar arrays - ranging between one and three MWs- will be placed strategically in KCEC's extensive service territory for optimal performance. Additionally, the project will spur economic development and create jobs in rural locations.

KCEC Arrays Scheduled to be Constructed in 2019

- › **Town of Taos (1 MW AC)(Approximately 600 Homes & Businesses)**
- › **Town of Taos (3 MW AC)(Approximately 1,800 Homes & Businesses)**
- › **Questa, NM (1.5 MW AC)(Approximately 900 Homes & Businesses)**
- › **El Rito, NM (1.5 MW AC)(Approximately 900 Homes & Businesses)**
- › **Angel Fire, NM (2 MW AC)(Approximately 1,200 Homes & Businesses with Storage)**
- › **Taos, NM (5 MW AC) (Approximately 5,000 Homes & Businesses with Storage)**



In 2018, KCEC and its partners installed a one megawatt array that serves Eagle Nest and Angel Fire. The array overlooks Eagle Nest Lake, NM.

› Kit Carson Propane

Kit Carson Propane was established in October 2000. The members of Kit Carson Electric Cooperative, Inc. (KCEC) voted to establish the propane business to help stabilize the propane prices in the Taos, Colfax, Santa Fe and Rio Arriba Counties. Kit Carson Propane has over 3,200 customers in the Taos, Penasco, Questa, Ojo Caliente and Angel Fire Districts.

KCP's primary goal is to provide safe affordable propane service to our customers while continuing to deliver excellence in service and also offers a wide range of products and services to accommodate the needs of both residential and commercial customers.

An essential part of KCP's contribution to the community is the promotion of an environment of positive leadership and teamwork. When you enter the office there is a feeling of family. For anyone who isn't already, we would love you to be part of our family.

Our fully trained staff of friendly employees are ready to assist you with excellent customer service.



Lawrence Vigil
Propane Manager

Thank You for 19 Years of Service

KCP hours are 8-4:30 Monday through Friday and the bottle dock is open from 8:00am - 4:15pm daily. Our update website keeps our customers informed with our current daily price, customer specials and also has a 24- hour 7 days a week standby crew who is always ready to serve its customers with propane or other after hour emergencies.



Left to Right: Juan Valdez/President, Dennis Jaquez/Secretary, Jeannie Masters/Treasurer, Betty Haagenstad/Vice President, Nelson Lopez/Director, Joel Perovich/Director

Kit Carson Propane Board of Trustees

12

Local employees providing propane to the communities we serve

\$2.35

Average price per gallon over the last four years.

3,200

KCP serves more than 3,200 customers in rural northern NM communities

1,400,000

Gallons of propane sold in 2018

› Kit Carson Internet

Kit Carson Internet (KCI) has built an open access, fiber optic network in Taos, Colfax and Rio Arriba counties that serves residents, businesses, communities and anchor institutions. KCI operates the fiber-to-the-home and business networks with affordable high-speed broadband service in excess of 100 Mbps to residents and 1 gigabit per second for businesses. This network provides telecommunication services and affordable rates. The network reaches 29 communities comprising roughly 20,500 households, 3,600 businesses, and 183 critical anchor institutions, such as schools, hospitals, governments, and two Native American Pueblos. (KCI's service area is 2,951 square miles in rural, underserved Northern New Mexico.) KCI built the fiber network on an open and non-discriminatory basis utilizing existing electric distribution right-of-ways to save costs and to eliminate adverse environmental impacts.



Mark Poche
Internet Manager



**Internet Packages
Starting At \$46.95**

**Bundle With Phone
To Save More \$\$**

**Internet Speeds Up
To 1 Gigabit**

Today's fast-paced and exciting world requires that individuals, families and businesses be able to communicate rapidly in ways never dreamed possible. Computers and the Internet have become irreplaceable tools for personal correspondence, student research and a vast array of business applications. As we look to the future, Kit Carson Internet will continue to expand its services to other territories and will continue to be a leader in the telecommunications industry.

As we continue to deploy fiber optic services to residents and businesses, Kit Carson Internet will embrace the spirit of the Cooperative model in delivering products and services to those that are under-served, in offering the best quality of life services in the telecommunications industry at the most affordable prices possible.

To sign up for service, please visit our website at www.kitcarson.com and click on Kit Carson Internet, Plans and Pricing and Sign Up! To speak to a Customer Service Representative call 575-758-4838.

Balance Sheet

Assets

Utility Plant in Service	\$	194,887,509
Construction Work in Progress		1,798,264
Total Utility Plant		196,685,773
Less Accumulated Depreciation		65,965,012
Net Utility Plant	\$	130,720,761

NonUtility Plant		-
Investment in Subsidiary		723,138
Investments - Assoc. Organizations		2,672,997
Total Other Property & Investments	\$	3,396,135

Cash - General		2,046,246
Temporary Cash Investments		1,165,595
Notes Receivable		740
Accounts Receivable		8,540,549
Materials & Supplies		1,561,370
Prepayments		116,276
Other Assets		115,380
Deferred Debits		27,595,285
Total Current & Accrued Assets	\$	41,141,441

Total Assets	\$	175,258,337
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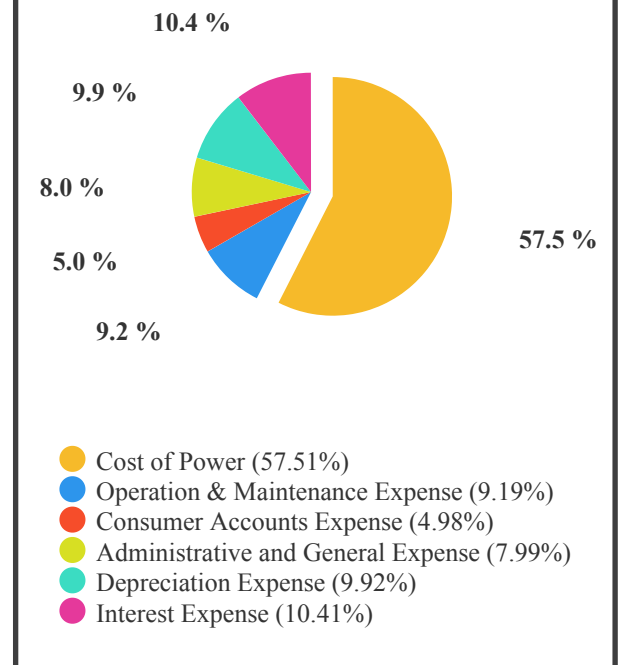
Liabilities

Patronage Capital	\$	26,913,282
Margins		319,545
Total Margins & Equities	\$	27,232,827

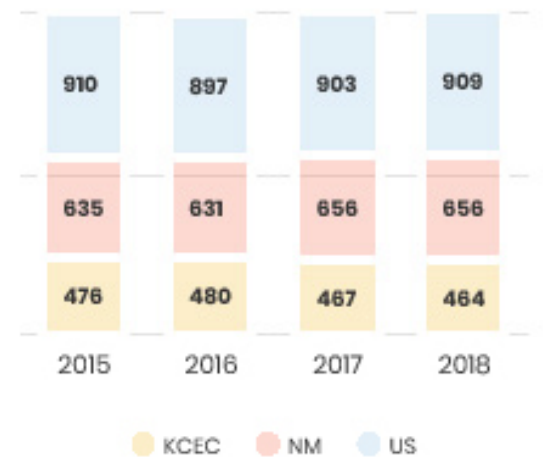
Long Term Debt	\$	115,174,550
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Notes and Accounts Payable		6,469,483
Consumer Deposits		327,311
Other Liabilities		2,154,822
Total Current & Accrued Liabilities	\$	8,951,616
Deferred Credits		23,899,344

Total Liabilities & Equities	\$	175,258,337
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Average Monthly Residential Usage (kW)



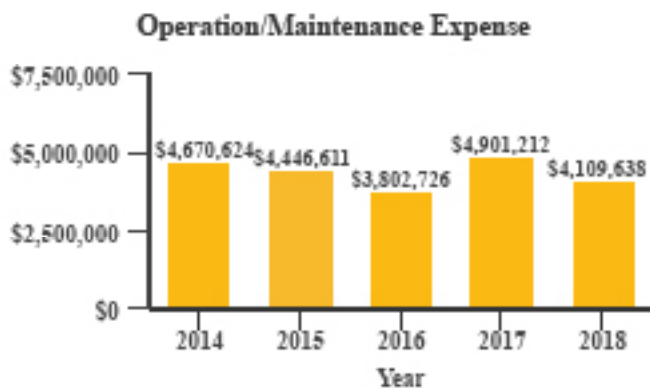
* Pre-audit

› Income Statement

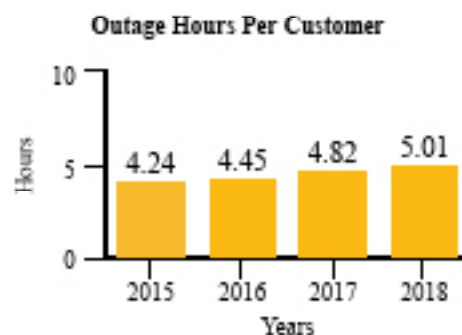
Revenue	\$44,973,041
Expenses:	
Cost of Power	25,732,936
Operation & Maintenance Expense	4,109,638
Consumer Accounts Expense	2,229,437
Administrative & General Expense	3,576,976
Total Operation & Maintenance	\$35,648,987
Depreciation & Amortization Expense	4,437,838
Interest Expense	4,655,658
Total Cost of Electric Service	\$44,742,483
Operating Margins	230,558
Interest Income	13,182
Non Operating Margins - Other	(621,595)
Other Capital Credits	446,613
Patronage Capital or Margins	\$ 68,758

› Operations & Maintenance Expense

Year	Operation/ Maintenance Expense
2014	\$4,670,624
2015	\$4,446,611
2016	\$3,802,726
2017	\$4,901,212
2018	\$4,109,638



Year	Outage Hours Per Customer
2015	4.24
2016	4.45
2017	4.82
2018	5.01



> KCEC Education Foundation



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 (Penasco)

Mrs. Danette Rael, Director, District 2 (Questa)

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 \$467,500 in scholarships. 569 scholarships have been awarded since 1997, as follows: District 1 = 190, District 2 = 98, District 3 = 95, District 4 = 96 and District 5 = 90.

› 2019 Education Foundation Recipients

District 1

Brandon Martinez
Elijah Dominic Martinez
Maria Elena Martinez
Veronica Montoya
Leandro Richert

District 4

Violet Maestas
Adam Rendon

Cristobal Duran Scholarship

Bianca Contreas
Shayna Esquibel
Alaska Lopez

District 2

Ernesto Cisneros
Alexis Padilla

District 5

Mary Ickes
Emily Ramirez

› 2018 Guzman Energy Scholarships

Via an exclusive partnership with Kit Carson Electric Cooperative (KCEC), Guzman Energy is working to enable northern new Mexico counties of Taos, Colfax and Rio Arriba to achieve summer-solar independence by 2022. Guzman also seeks to raise the bar on community development, and one such initiative comes when Guzman Energy, in conjunction with KCEC, honors 20 students hailing from five districts with \$20,000 in scholarship funds toward the 2019 spring semester. Guzman has contributed \$42,000, in sholarships over the last two years.



GUZMAN ENERGY

› Meet the Employees

Administration



Left to Right: Elizabeth Trujillo/Part-time Receptionist, Michelle Polanco/Receptionist, Carmella Suazo/Assistant Manager, Joyce Archuleta/Executive Secretary, Cathy Romero/Receptionist, Brianna Trujillo/General Secretary

CSR / Billing



Left to Right: Dani Kesson/CSR, Annette Rael/CSR Supervisor, Sandra Villalobos/CSR, Brittany Sanchez/CSR, Desserae Cordova/CSR, Rose Marie Apodaca/CSR.
Not Pictured: Roberta Romero/CSR

Collections



Left to Right: Robert Martinez/Part Time Collector, Leonard Griego/Collector, DeAndra Chavez/CSR, Lori Ortega/Cashier, Victoria Espinoza/Cashier, Ophelia Trujillo/Collections Supervisor, Kathy Coca/Collections I, CSR, Nelson Tafoya/Collector

HR/PR/OD/Safety



Left to Right: Lynn Gilley/Human Resources Director, Michael Santistevan/Public Relations Coordinator, Erin Sanborn/Organizational Development Coordinator, John Anthony Ortega/Safety Training Compliance Specialist, Richard Garcia/Safety Coordinator, Jake Ortega/Maintenance

Engineering



Left to Right: Alfred Mascarenas/Mapping Assistant, Rick Leon/Staking Agent I, Andrew Valerio/Staking Agent I, Aracelia Ortiz/General Secretary, Jacob Tafoya/Staking Agent II. **Not Pictured:** Steven Martinez/Mapping Technician

Accounting



Left to Right: Johnny Valerio/Financial Manager, Agustina Torres/Part Time Accounts Payable Clerk, Sandra Quintana/Bookkeeper/Rayroll Clerk, Deborah Madrid/Accountant, Jonathon Romero/Accountant

Meter



Left to Right: Nathaniel Mascarenas/Meter Reader, Eligio Vigil/Journeyman Meterman, David Medina/Meter Reader, Richard Valerio/4th Apprentice Meterman, Julian Mondragon/Journeyman Meterman, John Jaramillo/Journeyman Meterman, Glen Romero/Meter Department Supervisor, Audrey Cordova/CSR

Mechanics



Jerry Chacon/Mechanic

Line Spotter



Rodney Arrellano/Line Spotter

Operations



Left to Right Front Row: Darrell Vigil/3rd Year Apprentice Lineman, Ray Rael/Line Supervisor, Antonio Salazar/4th Year Apprentice Lineman, Johnny Sisneros/Journeyman Lineman, Jaime Mares/Lead Lineman, Austin Martinez/2nd Year Apprentice Lineman, Gary Maestas/3rd Year Apprentice Lineman, Armando Ortega/Line Spotter **2nd Row:** Isaac Padilla/4th Year Apprentice Lineman, Josh Rodriguez/2nd Year Apprentice Lineman, Horacio Archuleta/Sr. Groundsman, Fidel Lopez/Journeyman Lineman, Edward Trujillo/Lead Lineman, Anthony Vigil/4th Year Apprentice Lineman, Jarod Herrera/Tree Trimmer, Michael Medina/Journeyman Lineman **3rd Row:** Joe Ortega/Class A Operator, Paul Romero/4th Year Apprentice Lineman, Adam Montoya/Lead Lineman, Mathew Suazo/Lead Lineman, Carlos Rivera/Lead Lineman, Orlando Dimas/Tree Trimmer, **4th Row:** Jacob Martinez/2nd Year Apprentice, Daniel Baez/Tree Trimmer, Alonzo Visarraga/Class A Operator, Gordon Bond/Lead Lineman, William Arko/Lead Lineman **Not Pictured:** Victor Rael/Tree Trimmer, Justin Varela/3rd Year Apprentice Lineman, Johnny Gurule/Groundman, Orlando Archuleta/2nd Year Apprentice Lineman

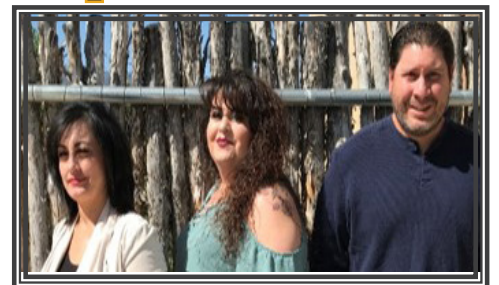
Warehouse



Left to Right: Paul Martinez/Warehouse Supervisor, Kenny Varos/Warehouseman



Dispatch



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

Employees Continued...

Propane



Left to Right: Melissa Martinez/Billing/CSR, Matt Trujillo/Service Tech/Lead Driver, Wanda Romero/CSR, Steve Duran/Driver, Lawrence Vigil/Propane Manager, Margaret Gonzales/Assistant Manager, Robert Cisneros/Service Tech, Yvette Quintana/Bookkeeper, Corine Dimas/CSR, James Gurule/Meter Reader

Internet

Billing/Customer Service



Left to Right: Nadine Varela/Office Manager, Michelle Roaque/CSR, Becky Martinez/CSR, Janet Cunico/ CSR Supervisor, Francina Trujillo/ CSR

Technical Team



Left to Right: Daniel Trujillo/IT Director, Laura Valerio-Withers/Tech Support, Miguel Aguilar/NOC Technician
Not Pictured: Adelaida Dominguez/Phone Admin, Joey Provencher/Tech Support

Operations



Back Row Left to Right: DeAngelo Trujillo/Technician, Sydney Trujillo/Technician I, Luis Chavira/Technician II, Dale Quintana/Technician I, David Trujillo Technician I, Stacey Danis/OSP Scheduler **Middle Row Left to Right:** Justin Lopez/Technician I, Michael Archuleta/Estimator, Johnny Griego/Inventory Control, Nate Montoya/Technician I **Front Row:** Nancy Tafoya/ OSP Scheduler **Not Pictured:** Isaac Martinez/Lead Technician



Jose Lovato/System Engineer



Ronald Mascarenas/Outside Plant Manager

› Remembering the Past



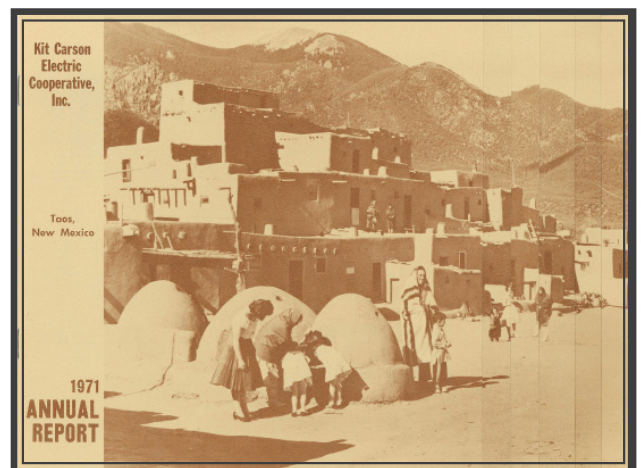
Mr and Mrs. Agapito Martinez watching TV in their home. This was one of the pleasures which brought electricity to Picuris Pueblo.



Kit Carson Electric Cooperative 25th Anniversary. Thousands in attendance for the Annual Meeting.



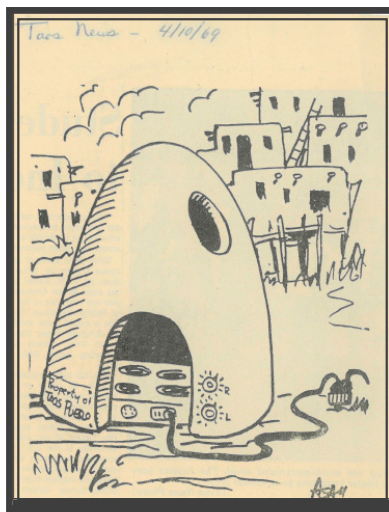
25th Edition of Kit Carson News in May, 1970



1971 KCEC Annual Report.



An article in the newspaper in 1968. Same principles and planning for the future.



In 1969, electricity lights up Taos Pueblo. Makes national news.



KCEC giving away appliances to members of rural northern NM.

› Contact US



KCEC Main Office

118 Cruz Alta Rd, Taos, NM 87571
PO Box 578, Taos, NM 87571
Main Office: (575)-758-2258
Customer Service: (575)-751-9064
Report 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

Visit Us at www.kitcarson.com



KCI Main Office

116 Cruz Alta Rd, Taos, NM 87571
PO Box 578, Taos, NM 87571
Main Office: (575)-758-4838

Office Hours

Monday- Friday: 8:00am- 4:30pm



KCP Main Office

201 Cruz Alta Rd, Taos, NM 87571
PO Box 550, Taos, NM 87571
Main Office: (575)-758-7757

Office Hours

Monday-Friday: 8:00am-4:30pm