



KIT CARSON ELECTRIC COOPERATIVE, INC.

A Touchstone Energy® Cooperative



The power of human connections™

(575) 758-2258 • (800) 688-6780 • Fax: (575) 758-4890 or (575) 758-4611 • www.kitcarson.com

118 Cruz Alta Road • P.O. Box 578 • Taos, New Mexico 87571-0578



April 28, 2017

Ms. Melanie Sandoval
NM Public Regulation Commission
Records Management Bureau
PO Box 1269
Santa Fe, NM 87504-1269

REC'D - PUBLIC UTILITIES

Re: 2016 Annual Report

To Whom It May Concern:

Enclosed please find the following:

1. Annual Report – Year ended December 31, 2016
2. Rule 510.4(b) filing.
3. RUS Form 7 for year ended December 31, 2016

If you should have any questions or need additional information, please give me a call at (505) 758-2258 ext. 126.

Sincerely,

Johnny Valerio
CFO

BOARD OF TRUSTEES

Robert Bresnahan
Cristobal Duran
Bruce Jassmann
Virgil Martinez

Ambrose Mascareñas
Manuel Medina
Bobby R. Ortega
Arthur Rodarte

Jerry Smith
David Torres
Luisa Valerio-Mylet

John F. McCarthy, Jr.
Corporate Attorney



Luis A. Reyes, Jr.
Chief Executive Officer

RURAL ELECTRIC COOPERATIVES

Annual Report

Of

#118 11 14 17

KIT CARSON ELECTRIC COOPERATIVE INC.

(Exact legal name of Respondent)

TO THE

NEW MEXICO

PUBLIC REGULATION COMMISSION

FOR THE

YEAR ENDED DECEMBER 31, 2016

Kit Carson Electric Cooperative
RUS Mortgage Notes
For The Year Ended December 31,2016

Note Number	Date of Note	Interest Rate	Principal Amount	Amount Unadvanced	Principal Repayments	Net Obligation
RET-9-1	05/01/07	4.98%	4,400,000		492,139	3,907,861
RET-9-2	05/01/07	4.72%	3,500,000		409,336	3,090,664
RET-9-3	05/01/07	4.26%	5,000,000		630,161	4,369,839
RET-9-4	05/01/07	4.22%	5,000,000		604,581	4,395,419
RET-9-5	05/01/07	4.61%	2,900,000		311,488	2,588,512
RET-9-6	05/01/07	4.60%	5,000,000		493,658	4,506,342
RET-9-7	05/01/07	3.15%	5,000,000		515,216	4,484,784
RET-9-8	05/01/07	2.94%	3,963,000		375,344	3,587,656
RET-9-9	05/01/07	2.75%	4,608,000		442,200	4,165,800
RET-9-10	05/01/07	2.77%	286,000		27,350	258,650

Advance Payment

Total RUS			39,657,000	-	4,301,472	35,355,528
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Federal Financing Bank

F0010	02/28/14	3.430%	2,800,000		72,912	2,727,088
H0015		2.311%	5,000,000		159,912	4,840,088
H0020		2.785%	8,000,000		158,045	7,841,955
F0025	10/28/16	2.287%	3,200,000		-	3,200,000
F0030	12/02/16	2.838%	1,100,000		-	1,100,000
F0035	12/30/16	2.837%	725,000		-	725,000
F0040	12/30/16	2.837%	1,950,000		-	1,950,000
			22,775,000		390,870	22,384,130

RUS Mortgage Notes
For The Year December 31,2016

Note Number	Date of Note	Interest Rate	Principal Amount	Deferred Interest	Principal Repayments	Net Obligation
5100	Jan 2008	4.125%	\$ 2,310,000		475,123	\$ 1,834,877

RUS Broadband Loans

BBL 1-1		2.731%	223,780		40,709	183,071
BBL 1-2		2.580%	113,987		20,390	93,597
BBL 1-3		2.768%	80,778		14,231	66,547
BBL 1-4		2.496%	99,632		17,943	81,689
BBL 1-5		2.106%	6,065		1,127	4,938
BBL 1-6		2.327%	36,789		6,716	30,073
BBL 1-7		2.385%	1,247,947		226,753	1,021,194
BBL 1-8		2.400%	2,569,411		458,939	2,110,472
BBL 1-9		2.500%	1,155,813		201,384	954,429
BBL 1-10		3.478%	760,291		105,732	654,559
BBL 1-11		3.161%	2,200,076		301,218	1,898,858
BBL 1-12		3.370%	766,426		100,863	665,563
BBL 1-13		3.178%	845,230		102,723	742,507
BBL 1-14		3.003%	1,336,249		151,945	1,184,304
BBL 1-15		3.055%	1,242,817		136,767	1,106,050
BBL 1-16		2.686%	308,631		31,851	276,780
BBL 1-17		1.949%	939,984		92,370	847,614
BBL 1-18		2.588%	3,852,448		303,298	3,549,150
BBL 1-19		2.426%	867,841		59,251	808,590
BBL 1-20		2.508%	470,977		30,012	440,965

Total RUS			\$ 19,125,172		\$ 2,404,222	\$ 16,720,950
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Grand Total RUS			83,867,172		7,571,687	76,295,486
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Kit Carson Electric Cooperative
CoBank Mortgage Notes
For The Year December 31,2016

Note Number	Date of Note	Interest Rate	Principal Amount	Deferred Interest	Principal Repayments	Net Obligation
40183	11/25/80	2.17%	975,000		-	-
40192	09/01/82	2.58%	1,277,000		1,218,534	58,466
40205	08/10/85	Variable	1,281,000		1,014,739	266,261
40211	08/22/86	Variable	2,902,000		2,159,768	742,232
40229	12/01/89	Variable	1,207,000		732,522	474,478
40236	09/30/93	Variable	1,383,000		858,799	524,201
173791	05/28/10	4.73%	6,821,373		4,505,785	2,315,588
233451	05/31/13	4.27%	25,849,768		2,783,726	23,066,042
Propane Division						
40244	03/11/99	2.06%	3,000,000		-	-
CREBS						
140794	03/10/08	0.42%	5,000,000		2,666,667	2,333,333
Total CoBank			\$ 33,849,768	-	5,450,393	\$ 29,780,601
Variable Currently @ 3.16%						

Kit Carson Electric
 Rule 510.4B Filing
 Year - 2016

	2016	2009
A: Revenues:	40,802,825	33,430,521
B: Earnings:	138,024	753,006
C: Return on Equity	5.95%	8.80%
D: Amount of Debt	103,805,524	64,820,503
Average Cost of Debt	3.97%	5.80%
E: Capital Structure:		
Equity:	41,344,592	37,411,483
Debt:	89,926,564	64,820,503
F: Generation Plant In-Service	5,014,536	
G: Transmission Plant In Service	12,470,379	6,585,322
H: Distribution Plant In Service	106,115,794	78,800,556
I: Operation & Maint. Expense:		
Cost of Purchased Power	23,354,680	19,961,645
Transmission Expense	139,762	48,782
Distribution Expense-Operation	2,005,990	2,349,089
Distribution Expense- Maintenance	1,594,940	1,278,441
Consumer Accounts Expense	1,858,224	1,682,488
Customer Service & Information	39,095	118,245
Amin. & Gen'l Expense	3,638,641	3,048,411
	<hr/>	<hr/>
Total Operation & Maintenance Exp	32,631,332	13,613,931
J: Deferred Tax Reserves		
K: Peak Demand	60,654	67,461
L: Net Energy Sales (kwh)	265,801,775	303,035,265

New Mexico Jurisdictional Information
Year Ending December 31, 2016

Electric Company Name Kit Carson Electric Cooperative, Inc.

Address: PO Box 578 Taos, NM 87571

Phone Number: (505) 758-2258

Person Completing Form Johnny Valerio, Financial Manager / Assistant Manager

Customer Class	Residential	Other	Total
Number of Customers	24,667	4,007	28,674
Kwh Sales (Thousands)	137,049,031	128,752,744	265,801,775
Gross Revenues	21,744,296	18,317,023	40,061,319
Avg. Annual Kwh per Customer (1)	5,556	32,132	37,688
Avg. Annual Bill per Customer (2)	\$882	\$4,571	\$5,453
Avg. Monthly Bill per Customer (3)	\$73.46	\$381	\$454
Avg. Gross Revenue per Kwh sold (4)	0.159	0.142	0.151

Directions for the completion of (1), (2), (3), (4):

(1) Divide Kwh sales by number of customers

(2) Divide gross revenues by number of customers

(3) Divide (2) by 12 months.

(4) Divide gross revenues by Kwh sales.

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

Line No.	Account (a)	(b)	Increase or decrease from preceeding year (c)
1	HYDRAULIC POWER GENERATION (Continued)		
2	543 Maintenance of reservoirs, dams and waterways		
3	544 Maintenance electric plant		
4	545 Maintenance of miscellaneous hydraulic plant		
5	Total maintenance		
6	Total power producton expenses-hydraulic power		
7	OTHER POWER GENERATION		
8	OPERATION		
9	546 Operation supervision and engineering		
10	547 Fuel		
11	548 Generation Expense	46,655	5,589
12	549 Miscellaneous other power generation expenses		
13	550 Rents		
14	Total operation	46,655	5,589
15	MAINTENANCE		
16	551 Maintenance supervision and engineering		
17	552 Maintenance of stuctures		
18	553 Maintenance of generating and electric plant		
19	554 Maintenance of miscelaneous other power generation plant		
20	Total maintenance		
21	Total power producton expenses-other power	46,655	5,589
22	OTHER POWER SUPPLY EXPENSES		
23	555 Purchased power	23,354,680	2,243,406
24	556 System control and load dispatching		
25	557 Other expenses		
26	Total other power supply expenses	23,354,680	2,243,406
27	Total power producton expenses	23,354,680	2,243,406
28	TRANSMISSION EXPENSES		
29	OPERATION		
30	560 Operation supervision and engineering		
31	561 Load Dispatching		
32	562 Station Expense		
33	563 Overhead line expense	70,306	3,415
34	564 Underground line expense		
35	565 Transmission of electricity by others		
36	566 Miscellaneous transmission expenses		
37	567 Rents		
38	Total operation	70,306	3,415
39	MAINTENANCE		
40	568 Maintenance supervision and engineering		
41	569 Maintenance of stuctures		
42	570 Maintenance of station equipment		
43	571 Maintenance of overhead lines	69,456	69,456
44	572 Maintenance of underground lines		
45	573 Maintenance of miscellaneous transmission plant		
46	Total maintenance	69,456	69,456
47	Total Transmission expenses	139,762	72,871
48	DISTRIBUTION EXPENSES		
49	OPERATION		
50	580 Operation supervision and engineering	277,424	(1,323)
51	581 Load Dispatching		
52	582 Station Expense	468,188	56,415
53	583 Overhead line expense	569,114	(33,895)
54	584 Underground line expense	296,848	(110,575)
55	585 Streed lighting and signal system expenses	18,672	906

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

Line No.	Account (a)	(b)	Increase or decrease from preceeding year (c)
1	DISTRIBUTION EXPENSES (Continued)		
2	586 Meter expenses	(176,976)	(399,988)
3	587 Customer installation expenses		
4	588 Miscellaneous distribution expenses	533,939	(128,020)
5	589 Rents	18,781	15,636
6	Total Operation	2,005,990	(600,845)
7	Maintenance		
8	590 Maintenance supervision and engineering		
9	591 Maintenance of stuctures		
10	592 Maintenance of station equipment	53,205	(17,657)
11	593 Maintenance of overhead lines	1,115,451	(76,770)
12	594 Maintenance of underground lines	381,217	(5,371)
13	595 Maintenance of line transformers	0	0
14	596 Maintenance of street lighting and signal systems	45,067	(35,983)
15	597 Maintenance of meters		
16	598 Maintenance of miscellaneous distribution plant		
17	Total maintenance	1,594,940	(135,781)
18	Total distribution expenses	3,600,930	(736,626)
19	CUSTOMER ACCOUNTS EXPENSES		
20	Operation		
21	901 Supervision		
22	902 Meter reading expenses	406,197	(106,880)
23	903 Customer records and collection expenses	1,315,750	(39,335)
24	904 Uncollectible accounts	111,000	(86,796)
25	905 Miscellaneous customer accounts expenses	25,277	(52,585)
26	Total customer accounts expenses	1,858,224	(285,596)
27	SALES EXPENSES		
28	Operation		
29	911 Supervision		
30	912 Demonstrating and selling expenses		
31	913 Advertising expenses		
32	914 Revenues from merchandising, jobbing, and contract work		
33	915 Cost and expenses of merchandising, jobbing, and contract work		
34	916 Miscellaneous sales expenses		
35	Total sales expenses		
36	ADMINISTRATIVE AND GENERAL EXPENSES		
37	Operation		
38	920 Administrative and general salaries	1,215,895	(49,345)
39	921 Office suplies and expenses	513,912	(60,213)
40	922 Administrative expenses transferred-Cr		
41	923 Outsids services employed	819,406	264,454
42	924 Property insurance	0	0
43	925 Injuries and damages	7,441	(7,249)
44	926 Employee pensions and benefits	1,472	(19,736)
45	927 Franchise requirements		
46	928 regulatory commission expenses	231,547	35,098
47	929 Duplicate charges-Cr		
48	930 Miscellaneous general expenses	593,577	16,578
49	931 Rents	49	(457)
50	Total operation	3,383,299	179,130
51	Maintenance		
52	935 Maintenance of general plant	255,342	(3,292,861)
53	Total administrative and general expenses	3,638,641	(3,113,730)
54	Total Electric Operation and Maintenance Expenses	32,638,892	(1,814,086)
			0

ELECTRIC OPERATION AND MAINTENANCE EXPENSES

SUMMARY OF ELECTRIC OPERATION AND MAINTENANCE EXPENSES

Line No.	Functional Classification (a)	Operation (b)	Maintenance (c)	Total (d)
1	Power Production Expenses			
2	Electric Generation:	46,655		46,655
3	Steam power			
4	Nuclear power			
5	Hydraulic power			
6	Other power			
7	Other Power supply expenses	23,354,680		23,354,680
8	Total power production expenses			
9	Transmission Expenses	70,306	69,456	139,762
10	Distribution Expenses	2,005,990	1,594,940	3,600,930
11	Customer Accounts Expenses	1,858,224		1,858,224
12	Sales Expenses			
13	Adm. and General Expenses	3,638,641		3,638,641
14	Total Electric Operation and Maintenance Expenses	30,974,496	1,664,396	32,638,892

NUMBER OF ELECTRIC DEPARTMENT EMPLOYEES

Number of electric department employees, payroll period ending

12/31/2016

1. Total regular full-time employees

86

2. Total part-time and temporary employees

4

3. Total employees

90

The data on number of employees should be reported for the payroll period ending nearest to October 31, or any payroll period ending 60 days before or after October 31.

If the respondent's payrolls for the reported period include any special construction forces include such employees as part-time and temporary employees and show the number of such

special construction employees so included

The number of employees assignable to the electric department from joint functions of combination utilities may be determined by estimate, on the basis of employee equivalents. Show the estimated number of equivalent employees attributed to the electric department from joint functions.

CONSTRUCTION OVERHEADS- ELECTRIC

1 Report below the information called for concerning construction overheads for the year.

2 List in column (a) the kinds of overheads according to the titles used by the respondent. Charges for outside professional services for engineering fees and management of supervision fees capitalized should be shown as separate items.

3 On the lower section of this schedule furnish the requested explanatory information concerning construction overheads.

4 A respondent should not report "none" to this schedule if

no overhead apportionments are made, but rather should explain on the lower section of this schedule that on such engineering, supervisor, and administrative costs, etc., which are directly chargeable construction are charged to construction, if this is the case. Engineering, supervision, administrative, and interest costs, etc., which are first assigned to a blanket work order and then prorated to construction jobs shall be considered overheads for the purpose of formulating a response to this schedule.

Line No.	Name of Overhead (a)	Total overheads cleared to construction (b)	Cost of construction to which overheads were charged (exclusive of overhead charges) (c)	Percent overheads to construction costs (d)
1	Stores	484,099	LABOR:	
2	Transportation	130,492	\$357,628	
3	Taxes	34,554	MATERIAL:	
4	Insurance	168,320	\$680,620	
5				
6				
7				
8				
9				
10				
11				
12				
13				0
14	Total	817,465	1,038,248	79%

GENERAL DESCRIPTION OF CONSTRUCTION OVERHEAD PROCEDURE

1. For each construction overhead for electric plant explain (a) nature of the engineering, supervisory, or administrative work, etc., the overhead charges are intended to cover. (b) the general procedure for determining the amount capitalized. (c) the method of distribution to construction jobs. (d) percentages applied to different types of construction. (e) basis of differentiation in percentages for different types of construction, and (f) amounts capitalized for each overhead for the year for which this report is submitted.

2. In addition to other information concerning engineering and superintendence or other such overheads, explain whether the amounts treated as overheads include all engineering and superintendence costs or only such portions as are not directly chargeable to specific jobs.

3. For interest during construction state the interest rate used. The basic charges to which applied, in addition to the amounts capitalized for the year for which this report is submitted.

ELECTRIC DISTRIBUTION METERS AND LINE TRANSFORMERS

1 Report below the information called for concerning distribution watt-hour meters and line transformers.

2 Watt-hour demand distribution meters should be included below but external demand meters should not be included.

3 Show in a footnote the number of distribution watt-hour meters or line transformers held by the respondent under lease from others, jointly owned with others, or held otherwise than by reason of sole ownership by the respondent. If 500 or more

meters or line transformers are held under a lease, give name of lessor, date and period of lease and annual rent. If 500 or more meters or line transformers are held other than by reason of sole ownership or lease, give name of co-owner or other party, explain basis of accounting for expenses between the parties, and state amounts and accounts affected in respondent's books of account. Specify in each case whether lessor, co-owner or other party is an associated company.

Line No.	Item (a)	Number of watt-hour meters (b)	Line Transformers	
			Number (c)	Total Capacity (kva) (d)
1	Number at beginning of year	34,941	14,427	
2	Additions during the year:			
3	Purchases	2,697	236	
4	Associated with utility plant acquired			
5	Total additions	2,697	236	
6	Reductions during the year:			
7	Retirements	1,100	270	
8	Associated with utility plant sold			
9	Total reductions	1,100	270	
10	Number at end of year	36,538	14,393	
11	In Stock	487	50	
12	Locked meters on customers's premises			
13	Inactive transformers on system			0
14	In Customers's use	36,016	14,323	
15	In Company's use	35	20	
16	Total end of year (as above)	36,538	14,393	

VERIFICATION

The foregoing report must be verified by the oath of the office having control of the accounting of the respondent. The oath required may be taken before any person authorized to administer an oath by the laws of the State in which the same is taken.

OATH

(To be made by the officer having control of the accounting of the respondent.)

State of New Mexico

SS:

County of Taos

Luis Reyes makes oath and says that he is CEO
(Insert here the name of the affiant.) (Insert here the official title of the affiant.)

of Kit Carson Electric Cooperative, Inc.
(Insert here the exact legal title of name of the respondent.)

that it is his duty to have supervision over the books of account of the respondent and that to the best of his knowledge and belief such books have, during the period covered by the foregoing report, been kept in good faith in accordance with the accounting and other orders of the New Mexico Public Regulation Commission, effective during said period, that has examined the said report, and to the best of his knowledge and belief the information contained in the said report is, insofar as it relates to matters of account, in accordance with the said books of account; that he believes that all other statements of fact contained in the said report are true, and that the said report is correct statement of the business and affairs of the above-named respondent in respect to each and every matter set forth

therein during the period from and including January 1, 20¹⁶,

to and including December 31, 20¹⁶,

[Signature]
(Signature of affiant)

Subscribed and sworn to before me, a Notary Public David P. Sutek, is and for the State and

County above named, this 2 day of MAY, 20¹⁷

My commission expires July 6, 2017

[Signature]
(Signature of officer authorized to administer oaths)

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0032. The time required to complete this information collection is estimated to average 15 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION NM0011
	PERIOD ENDED December, 2016
	BORROWER NAME Kit Carson Electric Cooperative, Inc.

INSTRUCTIONS - See help in the online application.

This information is analyzed and used to determine the submitter's financial situation and feasibility for loans and guarantees. You are required by contract and applicable regulations to provide the information. The information provided is subject to the Freedom of Information Act (5 U.S.C. 552)

CERTIFICATION

We recognize that statements contained herein concern a matter within the jurisdiction of an agency of the United States and the making of a false, fictitious or fraudulent statement may render the maker subject to prosecution under Title 18, United States Code Section 1001.

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY PART 1788 OF 7 CFR CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1718 OF 7 CFR CHAPTER XVII

(check one of the following)

All of the obligations under the RUS loan documents have been fulfilled in all material respects.

There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in Part D of this report.

Luis Reyes

4/28/2017

DATE

PART A. STATEMENT OF OPERATIONS

ITEM	YEAR-TO-DATE			THIS MONTH (d)
	LAST YEAR (a)	THIS YEAR (b)	BUDGET (c)	
1. Operating Revenue and Patronage Capital	37,950,976	40,802,825	40,870,580	4,499,601
2. Power Production Expense				
3. Cost of Purchased Power	21,111,274	23,354,681	23,761,324	2,802,238
4. Transmission Expense	107,957	139,762		23,256
5. Regional Market Expense				
6. Distribution Expense - Operation	2,606,835	2,052,645	2,201,831	245,247
7. Distribution Expense - Maintenance	1,730,721	1,594,940	1,761,031	163,341
8. Customer Accounts Expense	2,003,299	1,858,224	2,224,784	171,167
9. Customer Service and Informational Expense	54,481	39,095	113,116	23,483
10. Sales Expense				
11. Administrative and General Expense	3,548,202	3,638,641	3,259,445	541,819
12. Total Operation & Maintenance Expense (2 thru 11)	31,162,769	32,677,988	33,321,531	3,970,551
13. Depreciation and Amortization Expense	3,992,348	3,897,985	4,122,486	424,854
14. Tax Expense - Property & Gross Receipts				
15. Tax Expense - Other	91,584	50,904		41,055
16. Interest on Long-Term Debt	3,279,208	3,472,273	3,352,305	281,632
17. Interest Charged to Construction - Credit				
18. Interest Expense - Other	654	3,445	670	310
19. Other Deductions	1,098	15,379		11,481
20. Total Cost of Electric Service (12 thru 19)	38,527,661	40,117,974	40,796,992	4,729,883
21. Patronage Capital & Operating Margins (1 minus 20)	(576,685)	684,851	73,588	(230,282)
22. Non Operating Margins - Interest	48,759	39,852	66,000	2,416
23. Allowance for Funds Used During Construction				
24. Income (Loss) from Equity Investments				
25. Non Operating Margins - Other	(1,602,066)	(1,099,586)		(914,323)
26. Generation and Transmission Capital Credits	958,473			
27. Other Capital Credits and Patronage Dividends	289,187	512,907		434,567
28. Extraordinary Items				
29. Patronage Capital or Margins (21 thru 28)	(882,332)	138,024	139,588	(707,622)

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE			BORROWER DESIGNATION		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION			NM0011		
INSTRUCTIONS - See help in the online application.			PERIOD ENDED December, 2016		
PART B. DATA ON TRANSMISSION AND DISTRIBUTION PLANT					
ITEM	YEAR-TO-DATE		ITEM	YEAR-TO-DATE	
	LAST YEAR (a)	THIS YEAR (b)		LAST YEAR (a)	THIS YEAR (b)
1. New Services Connected	214	169	5. Miles Transmission	143.00	143.00
2. Services Retired	51	39	6. Miles Distribution - Overhead	1,740.76	1,747.37
3. Total Services in Place	28,855	28,997	7. Miles Distribution - Underground	954.84	975.93
4. Idle Services (Exclude Seasonals)	45	45	8. Total Miles Energized (5 + 6 + 7)	2,838.60	2,866.30
PART C. BALANCE SHEET					
ASSETS AND OTHER DEBITS			LIABILITIES AND OTHER CREDITS		
1. Total Utility Plant in Service	141,639,031		30. Memberships		0
2. Construction Work in Progress	4,394,554		31. Patronage Capital		40,958,599
3. Total Utility Plant (1 + 2)	146,033,585		32. Operating Margins - Prior Years		0
4. Accum. Provision for Depreciation and Amort.	51,085,236		33. Operating Margins - Current Year		684,851
5. Net Utility Plant (3 - 4)	94,948,349		34. Non-Operating Margins		(546,826)
6. Non-Utility Property (Net)	38,673,609		35. Other Margins and Equities		247,969
7. Investments in Subsidiary Companies	1,078,480		36. Total Margins & Equities (30 thru 35)		41,344,593
8. Invest. in Assoc. Org. - Patronage Capital	12,465,933		37. Long-Term Debt - RUS (Net)		52,117,990
9. Invest. in Assoc. Org. - Other - General Funds	5,080		38. Long-Term Debt - FFB - RUS Guaranteed		21,986,430
10. Invest. in Assoc. Org. - Other - Nongeneral Funds	2,442,520		39. Long-Term Debt - Other - RUS Guaranteed		0
11. Investments in Economic Development Projects	0		40. Long-Term Debt Other (Net)		36,550,533
12. Other Investments	0		41. Long-Term Debt - RUS - Econ. Devel. (Net)		0
13. Special Funds	0		42. Payments - Unapplied		0
14. Total Other Property & Investments (6 thru 13)	54,665,622		43. Total Long-Term Debt (37 thru 41 - 42)		110,654,953
15. Cash - General Funds	3,333,860		44. Obligations Under Capital Leases - Noncurrent		1,108,059
16. Cash - Construction Funds - Trustee	141,610		45. Accumulated Operating Provisions and Asset Retirement Obligations		0
17. Special Deposits	0		46. Total Other Noncurrent Liabilities (44 + 45)		1,108,059
18. Temporary Investments	93,110		47. Notes Payable		0
19. Notes Receivable (Net)	9,609		48. Accounts Payable		8,093,395
20. Accounts Receivable - Sales of Energy (Net)	8,304,088		49. Consumers Deposits		305,115
21. Accounts Receivable - Other (Net)	342,562		50. Current Maturities Long-Term Debt		4,433,968
22. Renewable Energy Credits	0		51. Current Maturities Long-Term Debt - Economic Development		0
23. Materials and Supplies - Electric & Other	1,764,225		52. Current Maturities Capital Leases		214,167
24. Prepayments	120,898		53. Other Current and Accrued Liabilities		1,916,860
25. Other Current and Accrued Assets	120,423		54. Total Current & Accrued Liabilities (47 thru 53)		14,963,505
26. Total Current and Accrued Assets (15 thru 25)	14,230,385		55. Regulatory Liabilities		0
27. Regulatory Assets	0		56. Other Deferred Credits		1,239,844
28. Other Deferred Debits	5,466,598		57. Total Liabilities and Other Credits (36 + 43 + 46 + 54 thru 56)		169,310,954
29. Total Assets and Other Debits (5+14+26 thru 28)	169,310,954				

<p>UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE</p> <p>FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION</p>	<p>BORROWER DESIGNATION</p> <p>NM0011</p>
<p>INSTRUCTIONS - See help in the online application.</p>	<p>PERIOD ENDED December, 2016</p>
<p>PART D. NOTES TO FINANCIAL STATEMENTS</p>	
<p> </p>	

<p>UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE</p> <p>FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION</p>	<p>BORROWER DESIGNATION</p> <p>NM0011</p>
<p>INSTRUCTIONS - See help in the online application.</p>	<p>PERIOD ENDED</p> <p>December, 2016</p>
<p>PART D. CERTIFICATION LOAN DEFAULT NOTES</p>	

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION NM0011
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PART E. CHANGES IN UTILITY PLANT					
PLANT ITEM	BALANCE BEGINNING OF YEAR (a)	ADDITIONS (b)	RETIREMENTS (c)	ADJUSTMENTS AND TRANSFERS (d)	BALANCE END OF YEAR (e)
1. Distribution Plant	102,971,809	4,429,018	1,285,034		106,115,793
2. General Plant	12,588,151	275,705			12,863,856
3. Headquarters Plant	5,174,467				5,174,467
4. Intangibles	0				0
5. Transmission Plant	12,470,379				12,470,379
6. Regional Transmission and Market Operation Plant					
7. All Other Utility Plant	5,014,536				5,014,536
8. Total Utility Plant in Service (1 thru 7)	138,219,342	4,704,723	1,285,034		141,639,031
9. Construction Work in Progress	4,520,390	(125,836)			4,394,554
10. Total Utility Plant (8 + 9)	142,739,732	4,578,887	1,285,034		146,033,585

PART F. MATERIALS AND SUPPLIES							
ITEM	BALANCE BEGINNING OF YEAR (a)	PURCHASED (b)	SALVAGED (c)	USED (NET) (d)	SOLD (e)	ADJUSTMENT (f)	BALANCE END OF YEAR (g)
1. Electric	1,385,992	720,229		857,049	3,057	2,739	1,248,854
2. Other	392,264	1,299,697		12,415	1,161,001	(3,174)	515,371

PART G. SERVICE INTERRUPTIONS						
ITEM	AVERAGE MINUTES PER CONSUMER BY CAUSE					TOTAL (e)
	POWER SUPPLIER (a)	MAJOR EVENT (b)	PLANNED (c)	ALL OTHER (d)		
1. Present Year	92.800	74.390	7.570	196.260	371.020	
2. Five-Year Average	41.020	56.310	7.170	95.940	200.440	

PART H. EMPLOYEE-HOUR AND PAYROLL STATISTICS			
1. Number of Full Time Employees	85	4. Payroll - Expensed	3,510,294
2. Employee - Hours Worked - Regular Time	189,793	5. Payroll - Capitalized	580,779
3. Employee - Hours Worked - Overtime	8,349	6. Payroll - Other	970,825

PART I. PATRONAGE CAPITAL			
ITEM	DESCRIPTION	THIS YEAR (a)	CUMULATIVE (b)
1. Capital Credits - Distributions	a. General Retirements	0	2,882,311
	b. Special Retirements	119,243	1,623,730
	c. Total Retirements (a + b)	119,243	4,506,041
2. Capital Credits - Received	a. Cash Received From Retirement of Patronage Capital by Suppliers of Electric Power	0	
	b. Cash Received From Retirement of Patronage Capital by Lenders for Credit Extended to the Electric System	272,153	
	c. Total Cash Received (a + b)	272,153	

PART J. DUE FROM CONSUMERS FOR ELECTRIC SERVICE			
1. Amount Due Over 60 Days	\$ 1,629,316	2. Amount Written Off During Year	\$ 0

ENERGY EFFICIENCY AND CONSERVATION LOAN PROGRAM			
1. Anticipated Loan Delinquency %		4. Anticipated Loan Default %	
2. Actual Loan Delinquency %		5. Actual Loan Default %	
3. Total Loan Delinquency Dollars YTD	\$	6. Total Loan Default Dollars YTD	\$

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION NM0011
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PART K. kWh PURCHASED AND TOTAL COST

No	ITEM	SUPPLIER CODE	RENEWABLE ENERGY PROGRAM NAME	RENEWABLE FUEL TYPE	kWh PURCHASED	TOTAL COST	AVERAGE COST (Cents/kWh)	INCLUDED IN TOTAL COST - FUEL COST ADJUSTMENT	INCLUDED IN TOTAL COST - WHEELING AND OTHER CHARGES
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	
1	Tri-State G & T Assn, Inc (CO0047)	30151			144,323,800	11,599,764	8.04		
2	Guzman Energy (FL)	800593			146,757,637	11,754,916	8.01		
	Total				291,081,437	23,354,680	8.02		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		BORROWER DESIGNATION NM0011
INSTRUCTIONS - See help in the online application		PERIOD ENDED December, 2016
PART K. kWh PURCHASED AND TOTAL COST		
No	Comments	
1		
2		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		BORROWER DESIGNATION NM0011	
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December, 2016	
PART L. LONG-TERM LEASES			
No	NAME OF LESSOR (a)	TYPE OF PROPERTY (b)	RENTAL THIS YEAR (c)
TOTAL			

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION NM0011
INSTRUCTIONS - See help in the online application.	PERIOD ENDED December, 2016

PART M. ANNUAL MEETING AND BOARD DATA

1. Date of Last Annual Meeting 6/18/2016	2. Total Number of Members 22,833	3. Number of Members Present at Meeting 315	4. Was Quorum Present? N
5. Number of Members Voting by Proxy or Mail 0	6. Total Number of Board Members 11	7. Total Amount of Fees and Expenses for Board Members \$ 204,566	8. Does Manager Have Written Contract? Y

RUS Financial and Operating Report Electric Distribution

Revision Date 2014

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		BORROWER DESIGNATION NM0011			
INSTRUCTIONS - See help in the online application.		PERIOD ENDED December, 2016			
PART N. LONG-TERM DEBT AND DEBT SERVICE REQUIREMENTS					
No	ITEM	BALANCE END OF YEAR (a)	INTEREST (Billed This Year) (b)	PRINCIPAL (Billed This Year) (c)	TOTAL (Billed This Year) (d)
1	Rural Utilities Service (Excludes RUS - Economic Development Loans)	52,117,990	1,965,860	1,750,636	3,716,496
2	National Rural Utilities Cooperative Finance Corporation	1,000,000	48,544		48,544
3	CoBank, ACB	35,550,533	1,466,244	2,190,349	3,656,593
4	Federal Financing Bank	21,986,430	447,962	314,262	762,224
5	RUS - Economic Development Loans				
6	Payments Unapplied				
7	Principal Payments Received from Ultimate Recipients of IRP Loans				
8	Principal Payments Received from Ultimate Recipients of REDL Loans				
9	Principal Payments Received from Ultimate Recipients of EE Loans				
10	Farm Credit Lease	915,867	11,535	146,698	158,233
11	Altec Capital Services LLC	192,193		84,624	84,624
	TOTAL	111,763,013	3,940,145	4,486,569	8,426,714

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE		BORROWER DESIGNATION NM0011		
FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION		PERIOD ENDED December, 2016		
INSTRUCTIONS - See help in the online application.				
PART O. POWER REQUIREMENTS DATABASE - ANNUAL SUMMARY				
CLASSIFICATION	CONSUMER SALES & REVENUE DATA	DECEMBER (a)	AVERAGE NO. CONSUMERS SERVED (b)	TOTAL YEAR TO DATE (c)
1. Residential Sales (excluding seasonal)	a. No. Consumers Served	22,286	22,480	
	b. kWh Sold			129,485,612
	c. Revenue			20,451,157
2. Residential Sales - Seasonal	a. No. Consumers Served	2,381	2,214	
	b. kWh Sold			7,563,419
	c. Revenue			1,432,960
3. Irrigation Sales	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
4. Comm. and Ind. 1000 KVA or Less	a. No. Consumers Served	3,984	3,984	
	b. kWh Sold			107,985,880
	c. Revenue			15,672,928
5. Comm. and Ind. Over 1000 KVA	a. No. Consumers Served	10	10	
	b. kWh Sold			19,961,664
	c. Revenue			2,606,272
6. Public Street & Highway Lighting	a. No. Consumers Served	13	13	
	b. kWh Sold			805,200
	c. Revenue			137,322
7. Other Sales to Public Authorities	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
8. Sales for Resale - RUS Borrowers	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
9. Sales for Resale - Other	a. No. Consumers Served			
	b. kWh Sold			
	c. Revenue			
10. Total No. of Consumers (lines 1a thru 9a)		28,674	28,701	
11. Total kWh Sold (lines 1b thru 9b)				265,801,775
12. Total Revenue Received From Sales of Electric Energy (lines 1c thru 9c)				40,300,639
13. Transmission Revenue				
14. Other Electric Revenue				502,185
15. kWh - Own Use				715,107
16. Total kWh Purchased				291,081,437
17. Total kWh Generated				
18. Cost of Purchases and Generation				23,494,443
19. Interchange - kWh - Net				
20. Peak - Sum All kW Input (Metered) Non-coincident <input checked="" type="checkbox"/> Coincident				60,654

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION	BORROWER DESIGNATION NM0011 PERIOD ENDED December, 2016
INSTRUCTIONS - See help in the online application.	

PART P. ENERGY EFFICIENCY PROGRAMS

CLASSIFICATION	ADDED THIS YEAR			TOTAL TO DATE		
	No. of Consumers <i>(a)</i>	Amount Invested <i>(b)</i>	Estimated MMBTU Savings <i>(c)</i>	No. of Consumers <i>(d)</i>	Amount Invested <i>(e)</i>	Estimated MMBTU Savings <i>(f)</i>
1. Residential Sales (excluding seasonal)						
2. Residential Sales - Seasonal						
3. Irrigation Sales						
4. Comm. and Ind. 1000 KVA or Less						
5. Comm. and Ind. Over 1000 KVA						
6. Public Street and Highway Lighting						
7. Other Sales to Public Authorities						
8. Sales for Resale – RUS Borrowers						
9. Sales for Resale – Other						
10. Total						

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS	BORROWER DESIGNATION NM0011 PERIOD ENDED December, 2016
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INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

PART Q. SECTION I. INVESTMENTS (See Instructions for definitions of Income or Loss)

No	DESCRIPTION (a)	INCLUDED (\$) (b)	EXCLUDED (\$) (c)	INCOME OR LOSS (\$) (d)	RURAL DEVELOPMENT (e)
1	Non-Utility Property (NET)				
	NON UTILITY PLANT TELECOM	38,673,609			
	NON UTILITY PLANT-CALL CNTR				
	Totals	38,673,609			
2	Investments in Associated Organizations				
	CFC-PATRONAGE CAPITAL		63,571		
	FEDERATED RURAL INS-PATRONAGE	366,010			
	SEDC-PATRONAGE CAPITAL	218,613			
	NRTC-PATRONAGE CAPITAL	772,799			
	TRI-STATE PATRONAGE CAPITAL		12,465,933		
	CFC-MEMBERSHIP	1,000			
	TRI-STATE MEMBERSHIP	5			
	ECO-MEMBERSHIP	4,075			X
	BASIN ELEC-MEMBERSHIP				
	INVESTMENT-SUBSIDIARY CO.	1,078,480			
	Co-Bank -Patronage Capital		1,021,526		
	Totals	2,440,982	13,551,030		
6	Cash - General				
	Cash - General	2,354,745	979,115		
	Totals	2,354,745	979,115		
8	Temporary Investments				
	COBANK INVESTMENT SERVICES		93,110		
	Totals		93,110		
9	Accounts and Notes Receivable - NET				
	NOTES RECEIVABLE-COMPUTER	9,609			
	ACCOUNTS RECEIVABLE-OTHER	342,562			
	Totals	352,171			
11	TOTAL INVESTMENTS (1 thru 10)	43,821,507	14,623,255		

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS	BORROWER DESIGNATION NM0011 PERIOD ENDED December, 2016
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INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

PART Q. SECTION II. LOAN GUARANTEES					
No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
	TOTAL				
	TOTAL (Included Loan Guarantees Only)				

UNITED STATES DEPARTMENT OF AGRICULTURE RURAL UTILITIES SERVICE FINANCIAL AND OPERATING REPORT ELECTRIC DISTRIBUTION INVESTMENTS, LOAN GUARANTEES AND LOANS	BORROWER DESIGNATION NM0011
	PERIOD ENDED December, 2016

INSTRUCTIONS - Reporting of investments is required by 7 CFR 1717, Subpart N. Investment categories reported on this Part correspond to Balance Sheet items in Part C. Identify all investments in Rural Development with an 'X' in column (e). Both 'Included' and 'Excluded' Investments must be reported. See help in the online application.

SECTION III. RATIO

RATIO OF INVESTMENTS AND LOAN GUARANTEES TO UTILITY PLANT [Total of Included Investments (Section I, 11b) and Loan Guarantees - Loan Balance (Section II, 5d) to Total Utility Plant (Line 3, Part C) of this report]	30.01 %
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SECTION IV. LOANS

No	ORGANIZATION (a)	MATURITY DATE (b)	ORIGINAL AMOUNT (\$) (c)	LOAN BALANCE (\$) (d)	RURAL DEVELOPMENT (e)
1	Employees, Officers, Directors				
2	Energy Resources Conservation Loans				
	TOTAL				