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2015

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Form 990

Department of the Treasury
Internal Revenue Service

Return of Organization Exempt From Income Tax

Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

- Do not enter social security numbers on this form as it may be made public
- Information about Form 990 and its instructions is at www.irs.gov/form990

A For the 2015 calendar year, or tax year beginning 01-01-2015, and ending 12-31-2015

B Check if applicable

- Address change
- Name change
- Initial return
- Final return/terminated
- Amended return
- Application pending

C Name of organization
OTERO COUNTY ELECTRIC COOPERATIVE INC

Doing business as

Number and street (or P O box if mail is not delivered to street address) Room/suite
BOX 227City or town, state or province, country, and ZIP or foreign postal code
CLOUDCROFT, NM 88317D Employer identification number
85-0058679E Telephone number
(575) 682-2521

G Gross receipts \$ 31,444,069

F Name and address of principal officer
MARIO ROMERO
BOX 227
CLOUDCROFT, NM 88317H(a) Is this a group return for
subordinates? Yes NoH(b) Are all subordinates
Included? Yes No
If "No," attach a list (see instructions)

H(c) Group exemption number ►

I Tax-exempt status 501(c)(3) 501(c) (12) (Insert no.) 4947(a)(1) or 527J Website: ► WWW.OCEC-INC.COMK Form of organization Corporation Trust Association Other ►

L Year of formation 1943

M State of legal domicile
NM

Part I Summary

1 Briefly describe the organization's mission or most significant activities

TO PROVIDE ELECTRIC POWER TO RURAL AREAS AT COST ON A COOPERATIVE BASIS

2 Check this box ► if the organization discontinued its operations or disposed of more than 25% of its net assets

3 Number of voting members of the governing body (Part VI, line 1a)	3	10
4 Number of independent voting members of the governing body (Part VI, line 1b)	4	10
5 Total number of individuals employed in calendar year 2015 (Part V, line 2a)	5	80
6 Total number of volunteers (estimate if necessary)	6	0
7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	1,560
b Net unrelated business taxable income from Form 990-T, line 34	7b	0

		Prior Year	Current Year
8 Contributions and grants (Part VIII, line 1h)	0	0	
9 Program service revenue (Part VIII, line 2g)	30,250,849	30,641,622	
10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	611,957	491,924	
11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	168,172	170,059	
12 Total revenue—add lines 8 through 11 (must equal Part VIII, column (A), line 12)	31,030,978	31,303,605	

		Prior Year	Current Year
13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	35,054	31,950	
14 Benefits paid to or for members (Part IX, column (A), line 4)	2,252,296	2,065,389	
15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	4,246,458	4,305,137	
16a Professional fundraising fees (Part IX, column (A), line 11e)	0	0	
b Total fundraising expenses (Part IX, column (D), line 25) ► 0			
17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	24,497,170	24,901,129	
18 Total expenses Add lines 13-17 (must equal Part IX, column (A), line 25)	31,030,978	31,303,605	
19 Revenue less expenses Subtract line 18 from line 12	0	0	

	Beginning of Current Year	End of Year
20 Total assets (Part X, line 16)	86,305,934	98,849,019
21 Total liabilities (Part X, line 26)	55,997,559	66,650,932
22 Net assets or fund balances Subtract line 21 from line 20	30,308,375	32,198,087

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge

Sign Here	*****	2016-11-15
	Signature of officer	Date
	MARIO ROMERO GENERAL MANAGER/CEO	
	Type or print name and title	

Paid Preparer Use Only	Print/Type preparer's name William M Miller	Preparer's signature William M Miller	Date 2016-11-15	Check <input checked="" type="checkbox"/> if self-employed	PTIN P00439459
	Firm's name ► BOLINGER SEGARS GILBERT AND MOSS LLP			Firm's EIN ► 75-0882037	
	Firm's address ► 8215 NASHVILLE AVENUE LUBBOCK, TX 79423			Phone no (806) 747-3806	

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

For Paperwork Reduction Act Notice, see the separate instructions.

Cat No 11282Y

Form 990 (2015)

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

1 Briefly describe the organization's mission

THE COOPERATIVE IS COMMITTED TO PROVIDING ITS MEMBERS WITH THE LOWEST COST, HIGHEST QUALITY, AND MOST RELIABLE ELECTRIC POWER, CONSISTENT WITH SOUND AND COST-EFFECTIVE BUSINESS PRACTICES

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? Yes No

If "Yes," describe these new services on Schedule O

Yes No

es No

3 Did the organization cease conducting, or make significant changes in how it conducts, any programs or services?

If "Yes," describe these changes on Schedule O

Yes No

Yes No

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code) (Expenses \$ including grants of \$) (Revenue \$)
PROVIDING ELECTRIC ENERGY TO OUR MEMBERS - 19,133 ACTIVE SERVICES AT YEAR END WERE PROVIDED ELECTRICITY ON A COOPERATIVE BASIS THROUGH THE ALLOCATION OF PATRONAGE CAPITAL

4b (Code) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code) (Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses

Part IV Checklist of Required Schedules

1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? If "Yes," complete Schedule A

2 Is the organization required to complete *Schedule B, Schedule of Contributors* (see instructions)?

3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? If "Yes," complete Schedule C, Part I

4 Section 501(c)(3) organizations.
Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? If "Yes," complete Schedule C, Part II

5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? If "Yes," complete Schedule C, Part III

6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? If "Yes," complete Schedule D, Part I 

7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? If "Yes," complete Schedule D, Part II 

8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? If "Yes," complete Schedule D, Part III 

9 Did the organization report an amount in Part X, line 21 for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X, or provide credit counseling, debt management, credit repair, or debt negotiation services? If "Yes," complete Schedule D, Part IV 

10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? If "Yes," complete Schedule D, Part V 

11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable

a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? If "Yes," complete Schedule D, Part VI 

b Did the organization report an amount for investments—other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VII 

c Did the organization report an amount for investments—program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part VIII 

d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? If "Yes," complete Schedule D, Part IX 

e Did the organization report an amount for other liabilities in Part X, line 25? If "Yes," complete Schedule D, Part X 

f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? If "Yes," complete Schedule D, Part X 

12a Did the organization obtain separate, independent audited financial statements for the tax year? If "Yes," complete Schedule D, Parts XI and XII 

b Was the organization included in consolidated, independent audited financial statements for the tax year? If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional 

13 Is the organization a school described in section 170(b)(1)(A)(ii)? If "Yes," complete Schedule E

14a Did the organization maintain an office, employees, or agents outside of the United States?

b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? If "Yes," complete Schedule F, Parts I and IV

15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? If "Yes," complete Schedule F, Parts II and IV

16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? If "Yes," complete Schedule F, Parts III and IV

17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? If "Yes," complete Schedule G, Part I (see instructions)

18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? If "Yes," complete Schedule G, Part II

19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? If "Yes," complete Schedule G, Part III

20a Did the organization operate one or more hospital facilities? If "Yes," complete Schedule H

b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?

	Yes	No
1		No
2		No
3		No
4		
5		No
6		No
7		No
8		No
9		No
10		No
11a	Yes	
11b		No
11c	Yes	
11d		No
11e	Yes	
11f	Yes	
12a		No
12b		No
13		No
14a		No
14b		No
15		No
16		No
17		No
18		No
19		No
20a		No
20b		

Part IV Checklist of Required Schedules (continued)

21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i>	21	Yes	
22 Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i>	22	No	
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i>	23	Yes	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K</i> <i>If "No," go to line 25a</i>	24a	No	
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?	24b		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?	24c		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?	24d		
25a Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i>	25a		
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i>	25b		
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II</i>	26	No	
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i>	27	No	
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)			
a A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28a	No	
b A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i>	28b	No	
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i>	28c	No	
29 Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i>	29	No	
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i>	30	No	
31 Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i>	31	No	
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i>	32	No	
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i>	33	No	
34 Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i>	34	Yes	
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?	35a	Yes	
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i>	35b	No	
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i>	36		
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i>	37	No	
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? Note. All Form 990 filers are required to complete Schedule O	38	Yes	

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

		Yes	No
1a Enter the number reported in Box 3 of Form 1096 Enter -0- if not applicable	1a	79	
b Enter the number of Forms W-2G included in line 1a Enter -0- if not applicable	1b	0	
c Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	1c		
2a Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return	2a	80	
b If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	2b	Yes	
3a Did the organization have unrelated business gross income of \$1,000 or more during the year?	3a	Yes	
b If "Yes," has it filed a Form 990-T for this year? If "No" to line 3b, provide an explanation in Schedule O	3b	Yes	
4a At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?	4a	No	
b If "Yes," enter the name of the foreign country ► See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR)			
5a Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?	5a	No	
b Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?	5b	No	
c If "Yes," to line 5a or 5b, did the organization file Form 8886-T?	5c		
6a Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?	6a	No	
b If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?	6b		
7 Organizations that may receive deductible contributions under section 170(c).	7a		
a Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	7b		
b If "Yes," did the organization notify the donor of the value of the goods or services provided?	7c		
c Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?	7d		
d If "Yes," indicate the number of Forms 8282 filed during the year	7e		
e Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?	7f		
f Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?	7g		
g If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?	7h		
h If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?	8		
8 Sponsoring organizations maintaining donor advised funds.	9a		
Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?	9b		
9a Did the sponsoring organization make any taxable distributions under section 4966?			
b Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?			
10 Section 501(c)(7) organizations. Enter	10a		
a Initiation fees and capital contributions included on Part VIII, line 12	10b		
b Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities			
11 Section 501(c)(12) organizations. Enter	11a	29,924,852	
a Gross income from members or shareholders	11b	1,047,607	
b Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them)			
12a Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041?	12a		
b If "Yes," enter the amount of tax-exempt interest received or accrued during the year	12b		
13 Section 501(c)(29) qualified nonprofit health insurance issuers.	13a		
a Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O	13b		
b Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans	13c		
14a Did the organization receive any payments for indoor tanning services during the tax year?	14a	No	
b If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O	14b		

Part VI Governance, Management, and Disclosure

For each "Yes" response to lines 2 through 7b below, and for a "No" response to lines 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response or note to any line in this Part VI

Section A. Governing Body and Management

1a Enter the number of voting members of the governing body at the end of the tax year

1a	10
-----------	----

If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O

b Enter the number of voting members included in line 1a, above, who are independent

1b	10
-----------	----

2 Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?

2	No
----------	----

3 Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors or trustees, or key employees to a management company or other person?

3	No
----------	----

4 Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?

4	No
----------	----

5 Did the organization become aware during the year of a significant diversion of the organization's assets?

5	No
----------	----

6 Did the organization have members or stockholders?

6	Yes
----------	-----

7a Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?

7a	Yes
-----------	-----

b Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?

7b	Yes
-----------	-----

8 Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following

8a	Yes
-----------	-----

a The governing body?

8b	No
-----------	----

b Each committee with authority to act on behalf of the governing body?

9	No
----------	----

9 Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

10a Did the organization have local chapters, branches, or affiliates?

10a	No
------------	----

b If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?

10b	
------------	--

11a Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?

11a	Yes
------------	-----

b Describe in Schedule O the process, if any, used by the organization to review this Form 990

12a	Yes
------------	-----

12a Did the organization have a written conflict of interest policy? If "No," go to line 13

12b	Yes
------------	-----

b Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?

12c	Yes
------------	-----

c Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done

13	No
-----------	----

13 Did the organization have a written whistleblower policy?

14	Yes
-----------	-----

14 Did the organization have a written document retention and destruction policy?

15a	Yes
------------	-----

15 Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?

15b	Yes
------------	-----

a The organization's CEO, Executive Director, or top management official

16a	No
------------	----

b Other officers or key employees of the organization

If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions)

16a Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?

16b	
------------	--

b If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?

Section C. Disclosure

17 List the States with which a copy of this Form 990 is required to be filed►

18 Section 6104 requires an organization to make its Form 1023 (or 1024 if applicable), 990, and 990-T (501(c) (3)s only) available for public inspection. Indicate how you made these available. Check all that apply

Own website Another's website Upon request Other (explain in Schedule O)

19 Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year

20 State the name, address, and telephone number of the person who possesses the organization's books and records

►JULIE WALKER-GRINDER 404 BURRO AVE CLOUDCROFT, NM 88317 (575) 682-2521

Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent ContractorsCheck if Schedule O contains a response or note to any line in this Part VII **Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees****1a** Complete this table for all persons required to be listed Report compensation for the calendar year ending with or within the organization's tax year

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation Enter -0- in columns (D), (E), and (F) if no compensation was paid

- List all of the organization's **current** key employees, if any See instructions for definition of "key employee"

- List the organization's five **current** highest compensated employees (other than an officer, director, trustee or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations

- List all of the organization's **former** officers, key employees, or highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations

- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations

List persons in the following order individual trustees or directors, institutional trustees, officers, key employees, highest compensated employees, and former such persons

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below dotted line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)					(D) Reportable compensation from the organization (W-2/1099- MISC)	(E) Reportable compensation from related organizations (W-2/1099- MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Or director	Indi- vidual trustee	In- stitutional Trustee	Offi- cer	Key employee			
(1) CHARLES MULCOCK PRESIDENT	5 00 1 00	X		X			22,090	0	0
(2) MATTHEW ALAN FLOTTE VICE-PRESIDENT	13 00 1 00	X		X			5,282	0	0
(3) FRED HANSEN SECRETARY	10 39 1 00	X		X			20,872	0	0
(4) SCOTT SHAFER TREASURER	2 97 1 00	X		X			22,108	0	0
(5) CODY HARWELL JAN - AUGUST TRUSTEE	8 00 1 00	X					12,926	0	0
(6) TIMOTHY ALAN RABON TRUSTEE	22 20 1 00	X					22,240	0	0
(7) PRESTON STONE TRUSTEE	11 00 1 00	X					23,140	0	0
(8) WILLIAM BIRD TRUSTEE	3 90 1 00	X					22,240	0	0
(9) KENNETH BLAZER TRUSTEE	2 50 1 00	X					1,250	0	0
(10) MARTHA MILLS TRUSTEE	5 00 1 00	X					21,640	0	0
(11) DENNY BURNNETT OCT - DEC TRUSTEE	10 00 1 00	X					5,800	0	0
(12) MARIO ROMERO GENERAL MANAGER/CEO	50 00			X			156,348	0	58,255
(13) PAUL HARLOW CFO	50 00			X			116,331	0	73,728
(14) TERRY BUTTRAM COO	50 00			X			148,418	0	119,660

Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees (continued)

c Total from continuation sheets to Part VII, Section A ►

d Total (add lines 1b and 1c) ► 997,273 0 447,942

2. Total number of individuals (including but not limited to those listed above) who received more than

2 Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization ► 9

\$100,000 or reportable compensation from the organization ▶ 9

Page 10 of 10

Yes No

3 Did the organization list any **former** officer, director or trustee, key employee, or highest compensated employee

4 For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the

For any individual listed on line 10, is the sum of reported compensation and consulting compensation from the organization and related organizations greater than \$150,000? If "Yes," complete Schedule J for such individual.

individual 4 Yes

5. Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization?

5 Did any person listed on line 1a receive or accrue compensation from any unincorporated organization or individual for services rendered to the organization? If "Yes," complete Schedule 1 for such person.

services rendered to the organization. If "Yes," complete Schedule 3 for such person. 5 No

Section 5: Individual and Sectional

1. Section B. Independent Contractors

1 Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
GENTRY CONSTRUCTION	CONSTRUCTION SERVICES	2,812,172
710 AERO LOOP		
ALAMOGORDO, NM 88310		
CARIBOU CONSTRUCTION	CONSTRUCTION SERVICES	1,030,225
124 BRIDON WAY		
JEROME, ID 83338		
CABLEVISION COMMUNICATIONS	INFORMATION SERVICES	967,149
PO BOX 2768		
ALAMOGORDO, NM 88311		
SOLAR ELECTRIC CO INC	CONSTRUCTION SERVICES	892,385
PO BOX 2741		
LAS CRUCES, NM 88004		
GREAT SOUTHWESTERN	CONSTRUCTION SERVICES	479,899
PO BOX 849		
CASTLE ROCK, CO 80104		

\$100,000 of compensation from the organization ► 5

Part VIII Statement of RevenueCheck if Schedule O contains a response or note to any line in this Part VIII

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512-514		
Contributions, Gifts, Grants and Other Similar Amounts	1a Federated campaigns	1a						
	b Membership dues	1b						
	c Fundraising events	1c						
	d Related organizations	1d						
	e Government grants (contributions)	1e						
	f All other contributions, gifts, grants, and similar amounts not included above	1f						
	g Noncash contributions included in lines 1a-1f \$							
	h Total. Add lines 1a-1f		►					
Program Service Revenue	Business Code							
			2a ELECTRIC ENERGY SALES	221000	29,380,039	29,380,039		
			b PATRONAGE DIVIDENDS	221000	1,261,583	1,261,583		
			c					
			d					
			e					
			f All other program service revenue					
			g Total. Add lines 2a-2f		►	30,641,622		
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)			503,339		503,339		
	4 Income from investment of tax-exempt bond proceeds							
	5 Royalties							
	(i) Real		(ii) Personal					
	6a Gross rents	44,649		1,560				
	b Less rental expenses	0		0				
	c Rental income or (loss)	44,649		1,560				
	d Net rental income or (loss)		►	46,209	44,584	1,560	65	
(i) Securities		(ii) Other						
7a Gross amount from sales of assets other than inventory			127,646					
b Less cost or other basis and sales expenses			139,061					
c Gain or (loss)			-11,415					
d Net gain or (loss)		►	-11,415			-11,415		
8a Gross income from fundraising events (not including								
\$ _____ of contributions reported on line 1c)								
See Part IV, line 18								
a								
b Less direct expenses	b							
c Net income or (loss) from fundraising events		►						
9a Gross income from gaming activities								
See Part IV, line 19								
a								
b Less direct expenses	b							
c Net income or (loss) from gaming activities		►						
10a Gross sales of inventory, less returns and allowances								
a								
b Less cost of goods sold	b	1,403						
c Net income or (loss) from sales of inventory		►	-1,403	-1,403				
Miscellaneous Revenue		Business Code						
11a POLE ATTACHMENT INCOME		221000	125,253			125,253		
b								
c								
d All other revenue								
e Total. Add lines 11a-11d		►	125,253					
12 Total revenue. See Instructions		►	31,303,605	30,684,803	1,560	617,242		

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns All other organizations must complete column (A)

Check if Schedule O contains a response or note to any line in this Part IX 

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments See Part IV, line 21	31,950			
2 Grants and other assistance to domestic individuals See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals See Part IV, lines 15 and 16				
4 Benefits paid to or for members	2,065,389			
5 Compensation of current officers, directors, trustees, and key employees	936,510			
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	1,792,779			
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	521,054			
9 Other employee benefits	872,697			
10 Payroll taxes	182,097			
11 Fees for services (non-employees)				
a Management				
b Legal				
c Accounting				
d Lobbying				
e Professional fundraising services See Part IV, line 17				
f Investment management fees				
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Schedule O)				
12 Advertising and promotion				
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel				
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	2,878,900			
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	2,647,618			
23 Insurance				
24 Other expenses Itemize expenses not covered above (List miscellaneous expenses in line 24e If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O)				
a PURCHASED POWER	14,937,100			
b DISTRIBUTION EXPENSE	2,007,390			
c ADMIN & GENERAL	1,495,741			
d CUSTOMER SERVICE	723,196			
e All other expenses	211,184			
25 Total functional expenses. Add lines 1 through 24e	31,303,605			
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation Check here ► <input type="checkbox"/> if following SOP 98-2 (ASC 958-720)				

Part X Balance SheetCheck if Schedule O contains a response or note to any line in this Part X

		(A) Beginning of year	(B) End of year	
Assets	1 Cash—non-interest-bearing	707,609	1 3,593,227	
	2 Savings and temporary cash investments	3,575,553	2 3,515,367	
	3 Pledges and grants receivable, net	3		
	4 Accounts receivable, net	1,067,609	4 1,134,540	
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees Complete Part II of Schedule L			5
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instructions) Complete Part II of Schedule L			6
	7 Notes and loans receivable, net	7		
	8 Inventories for sale or use	456,986	8 429,778	
	9 Prepaid expenses and deferred charges	7,967,905	9 7,617,124	
	10a Land, buildings, and equipment cost or other basis Complete Part VI of Schedule D	10a 105,214,943		
	b Less accumulated depreciation	10b 32,504,041	10c 63,257,821	72,710,902
	11 Investments—publicly traded securities			11
	12 Investments—other securities See Part IV, line 11			12
	13 Investments—program-related See Part IV, line 11		8,809,619	13 9,752,061
	14 Intangible assets			14
	15 Other assets See Part IV, line 11		462,832	15 96,020
16 Total assets. Add lines 1 through 15 (must equal line 34)		86,305,934	16 98,849,019	
Liabilities	17 Accounts payable and accrued expenses	3,967,369	17 3,046,733	
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability Complete Part IV of Schedule D			21
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons Complete Part II of Schedule L			22
	23 Secured mortgages and notes payable to unrelated third parties	47,699,667	23 59,146,699	
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24) Complete Part X of Schedule D			
	26 Total liabilities. Add lines 17 through 25		4,330,523	25 4,457,500
		55,997,559	26 66,650,932	
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here ► <input type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets		27	
	28 Temporarily restricted net assets		28	
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here ► <input checked="" type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds	0	30 0	
	31 Paid-in or capital surplus, or land, building or equipment fund	0	31 0	
	32 Retained earnings, endowment, accumulated income, or other funds	30,308,375	32 32,198,087	
	33 Total net assets or fund balances	30,308,375	33 32,198,087	
	34 Total liabilities and net assets/fund balances	86,305,934	34 98,849,019	

Part XI Reconciliation of Net AssetsCheck if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	31,303,605
2	Total expenses (must equal Part IX, column (A), line 25)	2	31,303,605
3	Revenue less expenses Subtract line 2 from line 1	3	0
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A)) . . .	4	30,308,375
5	Net unrealized gains (losses) on investments	5	-9,237
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	1,898,949
10	Net assets or fund balances at end of year Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	32,198,087

Part XII Financial Statements and ReportingCheck if Schedule O contains a response or note to any line in this Part XII

1 Accounting method used to prepare the Form 990 Cash Accrual Other _____
 If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O

2a Were the organization's financial statements compiled or reviewed by an independent accountant?
 If 'Yes,' check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both

Separate basis Consolidated basis Both consolidated and separate basis

2b Were the organization's financial statements audited by an independent accountant?
 If 'Yes,' check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both

Separate basis Consolidated basis Both consolidated and separate basis

2c If "Yes," to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant?
 If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O

3a As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?

3b If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits

	Yes	No
2a		No
2b	Yes	
2c		No
3a		No
3b		

2015

Open to Public
Inspection**SCHEDULE D**
(Form 990)**Supplemental Financial Statements**

► Complete if the organization answered "Yes," on Form 990,
Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.

► Attach to Form 990.

Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990.Department of the
Treasury
Internal Revenue ServiceName of the organization
OTERO COUNTY ELECTRIC COOPERATIVE INC

Employer identification number

85-0058679

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.

Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate value of contributions to (during year)		
3 Aggregate value of grants from (during year)		
4 Aggregate value at end of year		

5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? Yes No

6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? Yes No

Part II Conservation Easements. Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply)

Preservation of land for public use (e.g., recreation or education)
 Protection of natural habitat
 Preservation of open space

Preservation of an historically important land area
 Preservation of a certified historic structure

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

	Held at the End of the Year
2a	
2b	
2c	
2d	

a Total number of conservation easements

b Total acreage restricted by conservation easements

c Number of conservation easements on a certified historic structure included in (a)

d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ► _____

4 Number of states where property subject to conservation easement is located ► _____

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? Yes No

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year
 ► _____

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year
 ► \$ _____

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? Yes No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.
Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenue included on Form 990, Part VIII, line 1 ► \$ _____

(ii) Assets included in Form 990, Part X ► \$ _____

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items

a Revenue included on Form 990, Part VIII, line 1 ► \$ _____

b Assets included in Form 990, Part X ► \$ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets
(continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

a Public exhibition

b Scholarly research

c Preservation for future generations

d Loan or exchange programs

e Other

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII

5 During the year, did the organization solicit or receive donations of art, historical treasures or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements.

Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No

b If "Yes," explain the arrangement in Part XIII and complete the following table

c Beginning balance

d Additions during the year

e Distributions during the year

f Ending balance

Amount	
1c	
1d	
1e	
1f	

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability? Yes No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as

a Board designated or quasi-endowment ►

b Permanent endowment ►

c Temporarily restricted endowment ►

The percentages on lines 2a, 2b, and 2c should equal 100%

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by

(i) unrelated organizations

(ii) related organizations

b If "Yes" on 3a(ii), are the related organizations listed as required on Schedule R?

Yes	No
3a(i)	
3a(ii)	

4 Describe in Part XIII the intended uses of the organization's endowment funds

Part VI Land, Buildings, and Equipment.

Complete if the organization answered 'Yes' to Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	Accumulated (c) depreciation	(d) Book value
1a Land			1,036,444	1,036,444
b Buildings		4,150,757	690,582	3,460,175
c Leasehold improvements				
d Equipment	87,874,513	31,813,459		56,061,054
e Other	12,153,229			12,153,229

Total. Add lines 1a through 1e (Column (d) must equal Form 990, Part X, column (B), line 10(c)) ► 72,710,902

Part VII Investments—Other Securities. Complete if the organization answered 'Yes' on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		

Total. (Column (b) must equal Form 990, Part X, col. (B) line 12.)

Part VIII Investments—Program Related.

Investments—Program Related. Complete if the organization answered 'Yes' on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.		
(a) Description of investment	(b) Book value	(c) Method of valuation Cost or end-of-year market value
(1) INVESTMENT IN ASSOCIATED ORGANIZATIONS	4,847	C
(2) PATRONAGE CAPITAL -- NRUCFC	145,361	C
(3) INVESTMENT IN ASSOCIATED ORGANIZATIONS - CTC	80,284	C
(4) PATRONAGE CAPITAL -- TSGT	8,515,201	C
(5) MEMBERSHIPS IN ASSOCIATED ORGANIZATIONS	1,220	C
(6) PATRONAGE CAPITAL -- FEDERATED	250,081	C
(7) PATRONAGE CAPITAL -- COBANK	704,657	C
(8) PATRONAGE CAPITAL -- NISC	50,410	C

Total (Column (b) must equal Form 922, Part X, col (B) (inc 12))

0.7E3.061

Total. (Column (b) must equal Form 990, Part X, col (B) line 13) 9,720,061

Total (Column 4) must equal Form 820, Part X, col (B) line 15.

Part X Other Liabilities. Complete if the organization answered 'Yes' on Form 990, Part IV, line 11e or 11f.

See Form 990, Part X, line 25.		
1.	(a) Description of liability	(b) Book value
	Federal income taxes	
	CONSUMER DEPOSITS AND PREPAYMENTS	500,401
	ACCRUED TAXES	410,243
	ACCUMULATED OPERATING PROVISIONS AND ASSET RETIREMENT OBLIGATIONS	2,417,430
	DEFERRED CREDITS	1,129,426

Total. (Column (b) must equal Form 990, Part X, col (B) line 25)

4,457,500

2. Liability for uncertain tax positions In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII

Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return

Complete if the organization answered 'Yes' on Form 990, Part IV, line 12a.

1	Total revenue, gains, and other support per audited financial statements	1	31,303,605
2	Amounts included on line 1 but not on Form 990, Part VIII, line 12		
a	Net unrealized gains (losses) on investments	2a	
b	Donated services and use of facilities	2b	
c	Recoveries of prior year grants	2c	
d	Other (Describe in Part XIII)	2d	
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	31,303,605
4	Amounts included on Form 990, Part VIII, line 12, but not on line 1		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	
c	Add lines 4a and 4b	4c	0
5	Total revenue Add lines 3 and 4c .(This must equal Form 990, Part I, line 12)	5	31,303,605

Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return

Complete if the organization answered 'Yes' on Form 990, Part IV, line 12a.

1	Total expenses and losses per audited financial statements	1	29,238,216
2	Amounts included on line 1 but not on Form 990, Part IX, line 25		
a	Donated services and use of facilities	2a	
b	Prior year adjustments	2b	
c	Other losses	2c	
d	Other (Describe in Part XIII)	2d	
e	Add lines 2a through 2d	2e	0
3	Subtract line 2e from line 1	3	29,238,216
4	Amounts included on Form 990, Part IX, line 25, but not on line 1 :		
a	Investment expenses not included on Form 990, Part VIII, line 7b	4a	
b	Other (Describe in Part XIII)	4b	2,065,389
c	Add lines 4a and 4b	4c	2,065,389
5	Total expenses Add lines 3 and 4c .(This must equal Form 990, Part I, line 18)	5	31,303,605

Part XIII Supplemental Information

Provide the descriptions required for Part II, lines 3, 5, and 9, Part III, lines 1a and 4, Part IV, lines 1b and 2b, Part V, line 4, Part X, line 2, Part XI, lines 2d and 4b, and Part XII, lines 2d and 4b. Also complete this part to provide any additional information

Return Reference	Explanation
Part X, Line 2	THE COOPERATIVE UTILIZES THE "UNCERTAIN TAX POSITIONS" PROVISIONS OF ACCOUNTING PRINCIPLES GENERALLY ACCEPTED IN THE UNITED STATES OF AMERICA. THE PRIMARY TAX POSITION OF THE COOPERATIVE IS ITS FILING STATUS AS A TAX EXEMPT ENTITY. THE COOPERATIVE DETERMINED THAT IT IS MORE LIKELY THAN NOT THAT ITS TAX POSITION WILL BE SUSTAINED UPON EXAMINATION BY THE INTERNAL REVENUE SERVICE, AND THAT ALL TAX BENEFITS ARE LIKELY TO BE REALIZED UPON SETTLEMENT WITH TAXING AUTHORITIES

Part XIII Supplemental Information (continued)

Return Reference	Explanation
SCHEDULE D	Part IX THE AMOUNT OF OTHER ASSETS ON FORM 990, PAGE 11, PART X, LINE 15 DOES NOT EQUAL OR EXCEED 5 PERCENT OF THE TOTAL ASSETS ON FORM 990, PAGE 11, PART X, LINE 16, COLUMN B CONSEQUENTLY IN ACCORDANCE WITH IRS INSTRUCTIONS SCHEDULE D, PART IX HAS BEEN LEFT BLANK Part XII, Line 4B PATRONAGE CAPITAL ASSIGNABLE - \$2,065,389 FOR THE AUDITED FINANCIAL STATEMENTS, THE AMOUNT OF PATRONAGE DIVIDENDS PAID OR ALLOCATED TO THE MEMBERS IS REPORTED AS AN INCREASE IN EQUITY AND NOT AS AN EXPENSE THEREFORE, NET INCOME PER THE AUDITED FINANCIAL STATEMENTS IS REPORTED GROSS OF THE AMOUNT OF PATRONAGE DIVIDENDS THAT ARE EITHER ALLOCATED OR TO BE ALLOCATED AT THE TIME THE AUDITED FINANCIAL STATEMENTS ARE PREPARED HOWEVER, BECAUSE THE ALLOCATION OF PATRONAGE DIVIDENDS IS ONE ASPECT OF HOW THE COOPERATIVE FULFILLS ITS TAX EXEMPT PURPOSE OF OPERATING ON A COOPERATIVE BASIS, THE AMOUNT OF PATRONAGE DIVIDENDS EITHER ALLOCATED OR TO BE ALLOCATED TO THE MEMBERS IS REPORTED ON FORM 990, PART IX, LINE 4 AS "BENEFITS PAID TO MEMBERS" PATRONAGE DIVIDENDS ARE ALLOCATED ON A PATRONAGE BASIS AND DONE SO PURSUANT TO A PRE-EXISTING OBLIGATION AS PROVIDED FOR IN THE "NON-PROFIT OPERATION" ARTICLE OF THE COOPERATIVE'S BYLAWS

Schedule I (Form 990)

Grants and Other Assistance to Organizations, Governments and Individuals in the United States

Complete if the organization answered "Yes," on Form 990, Part IV, line 21 or 22.

► Attach to Form 990.

► **Information about Schedule I (Form 990) and its instructions is at www.irs.gov/form990.**

**Open to Public
Inspection**

Department of the
Treasury
Internal Revenue Service

Name of the organization

OTERO COUNTY ELECTRIC COOPERATIVE INC

Employer identification number

85-0058679

Part I General Information on Grants and Assistance

1 Does the organization maintain records to substantiate the amount of the grants or assistance, the grantees' eligibility for the grants or assistance, and the selection criteria used to award the grants or assistance?

2 Describe in Part IV the organization's procedures for monitoring the use of grant funds in the United States

Yes No

No

Part II Grants and Other Assistance to Domestic Organizations and Domestic Governments. Complete if the organization answered "Yes" on Form 990, Part IV, line 21, for any recipient that received more than \$5,000. Part II can be duplicated if additional space is needed.

Part III Grants and Other Assistance to Domestic Individuals. Complete if the organization answered "Yes" on Form 990, Part IV, line 22. Part III can be duplicated if additional space is needed

Part IV **Supplemental Information.** Provide the information required in Part I, line 2, Part III, column (b), and any other additional information.

Return Reference	Explanation
Schedule I, Part II	ALL GRANTS, SPONSORSHIPS AND DONATIONS ARE MADE TO NON-PROFIT AND CIVIC ORGANIZATIONS THAT ARE LOCATED IN THE COOPERATIVE'S SERVICE AREA. ALL DONATIONS ARE INTENDED TO IMPROVE THE COMMUNITIES IN WHICH OUR MEMBERS RESIDE.

2015

Open to Public
Inspection**Schedule J**
(Form 990)**Compensation Information**

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

► Complete if the organization answered "Yes" on Form 990, Part IV, line 23.

► Attach to Form 990.

► Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990.Department of the
Treasury
Internal Revenue ServiceName of the organization
OTERO COUNTY ELECTRIC COOPERATIVE INC

Employer identification number

85-0058679

Part I Questions Regarding Compensation**1a** Check the appropriate box(es) if the organization provided any of the following to or for a person listed on Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items

<input type="checkbox"/> First-class or charter travel	<input type="checkbox"/> Housing allowance or residence for personal use
<input checked="" type="checkbox"/> Travel for companions	<input type="checkbox"/> Payments for business use of personal residence
<input type="checkbox"/> Tax indemnification and gross-up payments	<input checked="" type="checkbox"/> Health or social club dues or initiation fees
<input type="checkbox"/> Discretionary spending account	<input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef)

Yes**No****b** If any of the boxes in line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain**1b** Yes**2** Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, officers, including the CEO/Executive Director, regarding the items checked in line 1a?**2** Yes**3** Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III

<input type="checkbox"/> Compensation committee	<input type="checkbox"/> Written employment contract
<input type="checkbox"/> Independent compensation consultant	<input checked="" type="checkbox"/> Compensation survey or study
<input type="checkbox"/> Form 990 of other organizations	<input checked="" type="checkbox"/> Approval by the board or compensation committee

4a No**4** During the year, did any person listed on Form 990, Part VII, Section A, line 1a with respect to the filing organization or a related organization**4b** No**a** Receive a severance payment or change-of-control payment?**4c** No**b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?**c** Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

Only 501(c)(3), 501(c)(4), and 501(c)(29) organizations must complete lines 5-9.**5a****5** For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of**5b****a** The organization?**b** Any related organization?

If "Yes," on line 5a or 5b, describe in Part III

6a**6** For persons listed on Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of**6b****a** The organization?**b** Any related organization?

If "Yes," on line 6a or 6b, describe in Part III

7**7** For persons listed on Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III**8****8** Were any amounts reported on Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III**9****9** If "Yes" on line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed.

For each individual whose compensation must be reported on Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii). Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(III) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual.

(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation in column(B) reported as deferred on prior Form 990
	Base (i) compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
1 MARIO ROMERO GENERAL MANAGER/CEO	(i) 137,327	2,680	16,341	37,408	20,847	214,603	0
	(ii) 0	0	0	0	0	0	0
2 PAUL HARLOWCFO	(i) 63,722	0	52,609	65,161	8,567	190,059	0
	(ii) 0	0	0	0	0	0	0
3 TERRY BUTTRAMCOO	(i) 124,559	2,426	21,433	100,110	19,550	268,078	0
	(ii) 0	0	0	0	0	0	0
4 DAMON MAREZ IT MANAGER	(i) 100,988	1,919	10,640	55,808	9,223	178,578	0
	(ii) 0	0	0	0	0	0	0
5 MARK MARTIN WORKING FOREMAN	(i) 108,052	1,658	1,073	31,189	19,550	161,522	0
	(ii) 0	0	0	0	0	0	0
6 RAY RUSH DIST OPERATIONS SUPERVISOR	(i) 95,674	1,838	6,583	42,788	21,722	168,605	0
	(ii) 0	0	0	0	0	0	0

Part III Supplemental Information

Provide the information, explanation, or descriptions required for Part I, lines 1a, 1b, 3, 4a, 4b, 4c, 5a, 5b, 6a, 6b, 7, and 8, and for Part II. Also complete this part for any additional information

Return Reference	Explanation
Part I, Line 1a	TRAVEL FOR COMPANIONS - THE COOPERATIVE MAY, LIMITED TO ONCE ANNUALLY, REIMBURSE DIRECTORS THE COST OF HIS/HER SPOUSE TO ACCOMPANY HIM/HER ON OFFICIAL, APPROVED, BUSINESS OF THE COOPERATIVE REIMBURSABLE COSTS INCLUDE TRAVEL AND MEAL ALLOWANCES DURING THE YEAR, ONE INDIVIDUAL REPORTED ON FORM 990, PART VII RECEIVED THIS BENEFIT HEALTH OR SOCIAL CLUB DUES OR INITIATION FEES - THE COOPERATIVE PAYS \$15 PER MONTH TOWARDS GYM MEMBERSHIPS FOR EMPLOYEES AND THEIR IMMEDIATE FAMILY
FROM 990, PART II, COLUMN C	INCLUDED IN THIS AMOUNT IS THE INCREASE IN ACTUARIAL VALUE OF BENEFITS PAYABLE UNDER A DEFINED BENEFIT RETIREMENT PLAN THE CONTRIBUTION RATE FOR PARTICIPANTS IN THE NRECA R&S DEFINED BENEFIT PENSION PLAN ARE THE SAME FOR ALL INDIVIDUALS IN THIS MULTI-EMPLOYER PLAN. THE CHANGE IN ACTUARIAL VALUE FOR EACH PARTICIPANT, HOWEVER, VARIES WITH AGE IN OTHER WORDS, THE OLDER A PLAN PARTICIPANT IS, THE GREATER THE INCREASE IN THAT INDIVIDUAL'S CHANGE IN ACTUARIAL VALUE, ALL OTHER THINGS BEING EQUAL. BECAUSE THIS RELATES TO A MULTI-EMPLOYER PLAN, CASH CONTRIBUTION TO THE PLAN IN LIEU OF THE ACTUARIAL INCREASE ARE EXPENSED IN THE FINANCIAL STATEMENTS. MARIO ROMERO ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN \$ 16,462 EMPLOYER CONTRIBUTION TO 401(K) PLAN 20,946 TOTAL REPORTED IN COLUMN C 37,408 LESS ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN (16,462) ADD CASH CONTRIBUTION TO DEFINED BENEFIT PLAN 30,648 EXPENSE TO THE COOPERATIVE \$ 51,594 PAUL HARLOW ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN \$ 55,019 EMPLOYER CONTRIBUTION TO 401(K) PLAN 10,142 TOTAL REPORTED IN COLUMN C 65,161 LESS ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN (55,019) ADD CASH CONTRIBUTION TO DEFINED BENEFIT PLAN 18,290 EXPENSE TO THE COOPERATIVE \$ 28,432 TERRY BUTRAM ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN \$ 80,352 EMPLOYER CONTRIBUTION TO 401(K) PLAN 19,758 TOTAL REPORTED IN COLUMN C 100,110 LESS ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN (80,352) ADD CASH CONTRIBUTION TO DEFINED BENEFIT PLAN 34,756 EXPENSE TO THE COOPERATIVE \$ 54,514 DAMON MAREZ ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN \$ 41,056 EMPLOYER CONTRIBUTION TO 401(K) PLAN 14,752 TOTAL REPORTED IN COLUMN C 55,808 LESS ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN (41,056) ADD CASH CONTRIBUTION TO DEFINED BENEFIT PLAN 26,049 EXPENSE TO THE COOPERATIVE \$ 40,801 MARK MARTIN ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN \$ 19,546 EMPLOYER CONTRIBUTION TO 401(K) PLAN 11,643 TOTAL REPORTED IN COLUMN C 31,189 LESS ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN (19,546) ADD CASH CONTRIBUTION TO DEFINED BENEFIT PLAN 21,610 EXPENSE TO THE COOPERATIVE \$ 33,253 RAY RUSH ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN \$ 28,942 EMPLOYER CONTRIBUTION TO 401(K) PLAN 13,846 TOTAL REPORTED IN COLUMN C 42,788 LESS ACTUARIAL INCREASE IN DEFINED BENEFIT PLAN (28,942) ADD CASH CONTRIBUTION TO DEFINED BENEFIT PLAN 24,191 EXPENSE TO THE COOPERATIVE \$ 38,037

SCHEDULE O
(Form 990 or
990-EZ)

Department of the
Treasury
Internal Revenue
Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.

- ▶ Attach to Form 990 or 990-EZ.
- ▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at
www.irs.gov/form990.

2015**Open to Public
Inspection**

Name of the organization
OTERO COUNTY ELECTRIC COOPERATIVE INC

Employer identification number
85-0058679

Return Reference	Explanation
Form 990, Part VI, Section A, line 6	THE COOPERATIVE WAS FORMED BY THE MEMBERS TO PROVIDE ELECTRIC SERVICE AT COST ON A COOPERATIVE BASIS

Return Reference	Explanation
Form 990, Part VI, Section A, line 7a	THE MEMBERS OF THE COOPERATIVE VOTE ON THE BOARD OF DIRECTORS ELECTIONS ARE DONE ON A ONE MEMBER ONE VOTE BASIS

Return Reference	Explanation
Form 990, Part VI, Section A, line 7b	THE FOLLOWING ACTS REQUIRE APPROVAL OF THE MEMBERS OF THE COOPERATIVE 1 DISSOLUTION/LIQUIDATION OF THE COOPERATIVE, 2 MERGER OR CONSOLIDATION OF THE COOPERATIVE WITH ANOTHER ORGANIZATION, 3 DISPOSAL OF A SUBSTANTIAL PORTION OF THE COOPERATIVE'S ASSETS, 4 AMENDMENT TO THE ARTICLES OF INCORPORATION, 5 AMENDMENT TO THE BYLAWS

Return Reference	Explanation
Form 990, Part VI, Section A, line 8b	EXECUTIVE SESSION FROM TIME TO TIME THE ENTIRE BOARD WILL GO INTO EXECUTIVE SESSION FOR DISCUSSING ITEMS OF A SENSITIVE AND CONFIDENTIAL NATURE. WHEN THIS OCCURS MANAGEMENT AND OTHERS IN ATTENDANCE ARE REMOVED FROM THE MEETING ROOM. ITEMS DISCUSSED IN EXECUTIVE SESSION ARE NOT DOCUMENTED; HOWEVER, ACTIONS TAKEN BY THE BOARD AFTER EXECUTIVE SESSIONS ARE ADJOURNED ARE FULLY DOCUMENTED IN THE WRITTEN MINUTES.

Return Reference	Explanation
Form 990, Part VI, Section B, line 11	MANAGEMENT PRESENTED A COPY OF THE FORM 990 TO THE BOARD FOR DISCUSSION, REVIEW AND APPROVAL PRIOR TO FILING

Return Reference	Explanation
Form 990, Part VI, Section B, line 12c	THE BOARD OF TRUSTEES ARE GOVERNED BY THE BY-LAWS A TRUSTEE IS DISQUALIFIED AND SHALL BE REMOVED IF HE/SHE IS EMPLOYED BY OR INVESTS IN A BUSINESS, WHICH COMPETES WITH THE COOPERATIVE. THE EMPLOYEES ARE GOVERNED BY A CONFLICT OF INTEREST POLICY. THE COOPERATIVE ENFORCES THE POLICY BY EXPLAINING IT TO NEW EMPLOYEES AND BY REMINDING ITS EMPLOYEES OF THEIR DUTIES TO ANNUALLY DISCLOSE CONFLICTS OF INTEREST

Return Reference	Explanation
Form 990, Part VI, Section B, line 15	THE BOARD COMPILES A SURVEY OF COMPENSATION FOR GM/CEOS OF SIMILARLY SITUATED ELECTRIC COOPERATIVES. THE BOARD ALSO CONDUCTS A WRITTEN PERFORMANCE EVALUATION REGARDING THE ACCOMPLISHMENT OF PRE-DETERMINED PERFORMANCE MEASURES AND OBJECTIVES. COMPENSATION IS THEN SET BASED ON THESE TWO ITEMS. THE GENERAL MANAGER USES A COMPENSATION SURVEY WHEN DETERMINING THE COMPENSATION OF THE COOPERATIVES OTHER EMPLOYEES MEETING THE DEFINITION OF OFFICER AND KEY EMPLOYEES, IF ANY. THE SURVEY INCLUDES SALARIES FROM SIMILARLY SITUATED COOPERATIVES THROUGHOUT NEW MEXICO AND THE NATION.

Return Reference	Explanation
Form 990, Part VI, Section C, line 19	THE COOPERATIVE WILL PROVIDE A COMPLETE COPY OF ITS GOVERNING DOCUMENTS, CONFLICT OF INTEREST POLICY AND AUDITED FINANCIAL STATEMENTS TO ANY MEMBER WHO REQUESTS A COPY OF ANY SUCH DOCUMENT. THE COOPERATIVE ANNUALLY MAILED A SUMMARIZED COPY OF THE AUDITED BALANCE SHEET AND INCOME STATEMENT TO THE MEMBERS OF THE COOPERATIVE WITH THEIR ANNUAL MEETING NOTICE.

Return Reference	Explanation
FORM 990, PART VII, COLUMN F	IN ORDER TO PROVIDE RETIREMENT BENEFITS TO ITS EMPLOYEES, THE COOPERATIVE HAS ESTABLISHED A DEFINED CONTRIBUTION PLAN UNDER SECTION 401(K) OF THE INTERNAL REVENUE CODE EMPLOYER CONTRIBUTIONS TO THE PLAN ARE MADE PURSUANT TO THE PLAN DOCUMENT ADDITIONALLY, THE COOPERATIVE PARTICIPATES IN A MULTI-EMPLOYER DEFINED BENEFIT PLAN CONTRIBUTIONS TO THIS PLAN ARE BASED ON THE FULL FUNDING LIMITATION OF SUCH PLAN EMPLOYER CONTRIBUTIONS FOR BOTH PLANS ARE AVAILABLE TO PARTICIPATING EMPLOYEES, INCLUDING OFFICERS, MEETING THE ELIGIBILITY REQUIREMENTS OF SUCH PLANS THE COOPERATIVE ALSO PROVIDES HEALTH AND LIFE INSURANCE TO ALL ELIGIBLE EMPLOYEES THROUGH A QUALIFIED PLAN THE AMOUNTS REPORTED ON PART VII, COLUMN (F) FOR THE OFFICERS IS COMPRISED OF THE ACTUARIAL INCREASE IN THE DEFINED BENEFIT PLAN, THE TOTAL AMOUNT CONTRIBUTED BY THE COOPERATIVE TO THE DEFINED CONTRIBUTION PLAN AND INSURANCE PAID ON BEHALF OF AND FOR THEIR BENEFIT IN ADDITION TO THE ABOVE PENSION PLANS, THE COOPERATIVE ALSO PROVIDES POST-RETIREMENT HEALTH INSURANCE BENEFITS THROUGH AN UNFUNDED WELFARE BENEFIT PLAN THE VALUE OF THESE BENEFITS HAS NOT BEEN ESTIMATED

Return Reference	Explanation
FORM 990, PART VIII, LINE 2B	PATRONAGE DIVIDENDS RESULT FROM THE PURCHASE OF WHOLESALE POWER FROM A GENERATION & TRANSMISSION COOPERATIVE. PATRONAGE DIVIDENDS ALSO RESULT FROM THE PAYMENT OF INTEREST FROM COOPERATIVE BANKS AND THE PURCHASE OF SUPPLIES AND SERVICES FROM OTHER COOPERATIVE ORGANIZATIONS. THE EXPENSES ASSOCIATED WITH PURCHASES FROM AND PAYMENTS TO SUCH COOPERATIVE ORGANIZATIONS ARE A DIRECT COMPONENT OF COST OF THE ELECTRIC SERVICE PROVIDED BY THE COOPERATIVE TO ITS MEMBERS.

Return Reference	Explanation
FORM 990, PART IX	THE ACCOUNTING RECORDS OF THE COOPERATIVE ARE MAINTAINED IN ACCORDANCE WITH THE RUS UNIFORM SYSTEM OF ACCOUNTS AS PRESCRIBED FOR ELECTRIC BORROWERS OF THE RURAL UTILITIES SERVICE(RUS) THE UNIFORM SYSTEM OF ACCOUNTING DOES NOT RECORD EXPENSES IN THE GENERAL EXPENSE CATEGORIES PROVIDED ON PART IX LINES 1 - 23 THE COOPERATIVE SEPARATELY REPORTS SALARIES AND WAGES, EMPLOYEE BENEFITS AND PAYROLL TAXES THAT ARE ALLOCATED IN ACCORDANCE WITH THEIR ACCOUNTING SYSTEM, BUT OTHER EXPENSES THAT ARE DESCRIBED IN LINES 1 - 23 ARE REPORTED ON LINE 24 UNDER THE EXPENSE CATEGORIES REQUIRED BY THE UNIFORM SYSTEM OF ACCOUNTS

Return Reference	Explanation
FORM 990, PART IX, LINES 5-7	SALARIES AND WAGES ARE ALLOCATED TO ASSET, LIABILITY, AND EXPENSE ACCOUNTS BASED ON THE ACCOUNTING SYSTEM DESCRIBED ABOVE THE FOLLOWING SCHEDULE RECONCILES AMOUNTS REPORTED ON LINES 5-7 TO TOTAL WAGES ACCRUED AND/OR PAID TOTAL PER LINES 5-7 \$ 2,729,289 LESS DIRECTORS FEES REPORTED ON 1099-MISC (179,588) LESS EMPLOYEE OFFICER BENEFITS REPORTED ON LINE 5 (267,662) PLUS SALARIES AND WAGES CAPITALIZED DIRECTLY TO PLANT 899,220 PLUS SALARIES AND WAGES CAPITALIZED/EXPENSED INDIRECTLY THROUGH CLEARING AND OTHER ACCOUNTS 950,576 TOTAL WAGES ACCRUED AND/OR PAID \$ 4,131,835

Return Reference	Explanation
FORM 990, PART IX, LINE 24	ADMINISTRATIVE AND GENERAL EXPENSE IS COMPRISED OF THE FOLLOWING OFFICE SUPPLIES 361,098 OUTSIDE SERVICES 131,096 INJURIES & DAMAGES 341,380 REGULATORY COMMISSION 150,193 DIRECTORS' FEES AND EXPENSES 65,637 MAINTENANCE OF GENERAL PLANT 146,788 MISCELLANEOUS GENERAL AND ADMINISTRATIVE 299,549 TOTAL ADMINISTRATIVE AND GENERAL EXPENSE PER 990 \$1,495,741

Return Reference	Explanation
FORM 990, PART IX, LINE 4	<p>PURSUANT TO THE FORM 990 INSTRUCTIONS, THE AMOUNT OF PATRONAGE DIVIDENDS PAID TO THE MEMBERS (HEREINAFTER REFERRED TO AS "PATRONS") SHOULD BE REPORTED ON PART IX, LINE 4. THE PHRASE "PATRONAGE DIVIDENDS PAID" REFERS TO THE PROCESS, SUBSEQUENT TO YEAR-END, BY WHICH THE COOPERATIVE ALLOCATES PATRONAGE CAPITAL TO AND, THEREFORE, OPERATES AT COST WITH ITS PATRONS. THE COOPERATIVE'S TAX EXEMPT PURPOSE IS TO PROVIDE ELECTRICITY TO ITS PATRONS AND TO DO SO ON A COOPERATIVE BASIS. TAX LAW DEFINES "OPERATING ON A COOPERATIVE BASIS" AS SUBORDINATION OF CAPITAL, DEMOCRATIC CONTROL, AND OPERATION AT COST. THE COOPERATIVE OPERATES AT COST THROUGH THE ALLOCATION OF TRUE PATRONAGE DIVIDENDS (ALSO REFERRED TO AS ALLOCATIONS OF PATRONAGE CAPITAL) TO ITS PATRONS. PATRONAGE DIVIDENDS ARE CONSIDERED PAID IF THE ALLOCATION IS MADE (1) PURSUANT TO A PRE-EXISTING OBLIGATION, (2) FROM THE MARGINS PRODUCED FROM THE TRANSACTIONS DONE WITH OR FOR PATRONS, AND (3) IN A FAIR AND EQUITABLE MANNER ON THE BASIS OF PATRONAGE (I E PURCHASES). ADDITIONALLY, THE ALLOCATION OF PATRONAGE DIVIDENDS SHOULD BE MADE WITHIN A REASONABLE TIME PERIOD AFTER THE CLOSE OF THE COOPERATIVE'S YEAR-END OF DECEMBER 31. EACH ONE OF THESE REQUIREMENTS FOR A TRUE PATRONAGE DIVIDEND IS PROVIDED FOR IN THE NON-PROFIT OPERATION ARTICLE OF THE COOPERATIVE'S BYLAWS. THE AMOUNT REPORTED ON PART IX, LINE 4 REPRESENTS THE AMOUNT OF PATRONAGE CAPITAL THAT IS EITHER ALLOCATED OR TO BE ALLOCATED TO THE PATRONS RESULTING FROM THEIR PURCHASE OF ELECTRICITY FROM THE COOPERATIVE FOR THE 2015 CALENDAR YEAR. BECAUSE PATRONAGE DIVIDENDS ARE THE PROCESS BY WHICH THE COOPERATIVE OPERATES AT COST WITH ITS PATRONS AND THEREBY A KEY COMPONENT TO ACCOMPLISHING ITS EXEMPT PURPOSE, THE COOPERATIVE HAS REPORTED SUCH AMOUNTS AS AN EXPENSE FOR FORM 990 REPORTING. PATRONAGE DIVIDENDS ARE NOT AN EXPENSE FOR FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, HOWEVER.</p>

Return Reference	Explanation
Form 990, Part X, LINES 17 AND 25	THE COOPERATIVE PREVIOUSLY INCLUDED ACCRUED EXPENSES, COMPRISED OF (1) ACCRUED EMPLOYEE COMPENSATED ABSENCES AND (2) OTHER CURRENT & ACCRUED LIABILITIES, AS COMPONENTS OF OTHER LIABILITIES ON LINE 25 OF PART X. HOWEVER, FOR THE 2015 CALENDAR YEAR, THE COOPERATIVE BEGAN REPORTING THESE AMOUNTS ON LINE 17. TO INCREASE CONSISTENCY, THE TOTAL AMOUNT OF \$927,465 FOR THESE ACCRUED EXPENSES FOR THE 2014 CALENDAR YEAR HAVE BEEN RECLASSIFIED FROM LINE 25 TO LINE 17.

Return Reference	Explanation
Form 990, Part XI, line 9	GAIN ON RETIRED ESTATE CAPITAL CREDITS 13,128 RETIREMENT OF PATRONAGE CAPITAL -251,668 OTHER COMPREHENSIVE INCOME - PROVISION FOR PENSIONS AND BENEFITS 72,100 PATRONAGE CAPITAL ASSIGNABLE 2,065,389

Return Reference	Explanation
FORM 990, PART XII LINE 2C	THE BOARD AS A WHOLE IS RESPONSIBLE FOR OVERSEEING THE FINANCIAL STATEMENT AUDIT AND SELECTING THE INDEPENDENT FINANCIAL STATEMENT AUDITOR. PROCEDURAL CHANGES DID NOT OCCUR DURING THE YEAR.

SCHEDULE R (Form 990)

Related Organizations and Unrelated Partnerships

► Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37

► **Attach to Form 990**

► **Information about Schedule R (Form 990) and its instructions is at www.irs.gov/form990.**

OMB No 1545-0047

2015

**Open to Public
Inspection**

Department of the Treasury
Internal Revenue Service

Name of the organization

TERMS OF THE AGREEMENT
OTERO COUNTY ELECTRIC COOPERATIVE INC

Employer identification number

85-005867

Part I Identification of Disregarded Entities Complete if the organization answered "Yes" on Form 990, Part IV, line 33

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

Part II Identification of Related Tax-Exempt Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

Part III Identification of Related Organizations Taxable as a Partnership Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

Part IV Identification of Related Organizations Taxable as a Corporation or Trust Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

Part V Transactions With Related Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.**Note.** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule**1** During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

- a** Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity
- b** Gift, grant, or capital contribution to related organization(s)
- c** Gift, grant, or capital contribution from related organization(s)
- d** Loans or loan guarantees to or for related organization(s)
- e** Loans or loan guarantees by related organization(s)
- f** Dividends from related organization(s)
- g** Sale of assets to related organization(s)
- h** Purchase of assets from related organization(s)
- i** Exchange of assets with related organization(s)
- j** Lease of facilities, equipment, or other assets to related organization(s)
- k** Lease of facilities, equipment, or other assets from related organization(s)
- l** Performance of services or membership or fundraising solicitations for related organization(s)
- m** Performance of services or membership or fundraising solicitations by related organization(s)
- n** Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)
- o** Sharing of paid employees with related organization(s)
- p** Reimbursement paid to related organization(s) for expenses
- q** Reimbursement paid by related organization(s) for expenses
- r** Other transfer of cash or property to related organization(s)
- s** Other transfer of cash or property from related organization(s)

	Yes	No
1a		No
1b		No
1c		No
1d		No
1e		No
1f		No
1g		No
1h		No
1i		No
1j		No
1k		No
1l		No
1m		No
1n	Yes	
1o	Yes	
1p		No
1q	Yes	
1r		No
1s		No

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) NA - LESS THAN 50000	N		
(2) NA - LESS THAN 50000	Q		
(3) NA - LESS THAN 50000	O		

Part VI Unrelated Organizations Taxable as a Partnership Complete if the organization answered "Yes" on Form 990, Part IV, line 37.

Provide the following information for each entity taxed as a partnership through which the organization conducted more than five percent of its activities (measured by total assets or gross revenue) that was not a related organization. See instructions regarding exclusion for certain investment partnerships.

Part VII Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions)

Return Reference	Explanation