

April 25, 2012

VIA HAND DELIVERY

Mr. Charles Wagner
c/o Socorro Electric Cooperative, Inc.
P.O. Box H
Socorro, New Mexico 87801

Socorro Electric Cooperative, Inc. ("SEC")

Dear Mr. Wagner:

As you were informed at the March 28, 2012 Board meeting, SEC has learned that you turned over at least four tape recordings made at time the Board was in an executive session, including times when the Board was receiving legal advice from Mr. Francis, SEC's counsel at the time.

These tapes were secretly made without the knowledge or consent of those attending the meeting. Your conduct was both intentional and willful. You were well aware that statements made during executive sessions are confidential. Taping executive sessions frustrates and interferes with the operations of the Cooperative and causes disharmony. This conduct is a breach of SEC's Code of Ethics and a breach of your fiduciary duties.

In the course of our duties as Trustees, we are required to discuss and debate difficult and sensitive issues, including matters involving employee discipline and other personnel matters as well as litigation strategies. The law, SEC bylaws and SEC policies specifically recognize the delicacy of these matters by permitting them to be discussed in private. You have chosen to divulge information that this Board, as a collective body, decided to discuss in private. By doing so, you have thwarted that decision. In addition to constituting a breach of SEC's Code of Ethics and your fiduciary duties, your conduct is contrary to the basic principles of governance.

As a result, and in accordance with Board Policy 113, you will be removed from the bid, renewable energy, marketing and awards/recognition committees, effective immediately. You will not be appointed to any additional committees while I serve as President of the Board.

In addition, you must, within 10 days of the date of this letter, identify the dates of each Board or committee meeting during which you recorded the proceedings and return to the Cooperative all of those tapes, including any copies or excerpts thereof. You must also identify by name and address each person or entity to whom you provided the tapes, including the originals, copies, or

Mr. Charles Wagner

April 18, 2012

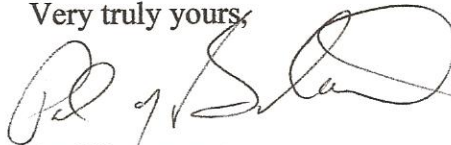
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excerpts of the tapes. You will assist SEC in securing the return of all such tapes. If you fail to do so within ten days, you will be subject to suspension from the Board.

You will not be permitted to attend any executive session of the Board, effective immediately. In addition, this will confirm that you have informed SEC that you will not attend the upcoming meeting in Washington, DC because it conflicts with your meeting with your lawyers. During the remainder of my term as President, however, you will not be authorized to attend any NRECA meeting on behalf of SEC and you will not be provided with any credentials on behalf of SEC to attend any NMRECA or NRECA meeting.

Finally, at today's Board meeting, there will be a motion to publically censure you for this conduct. This letter will be published on the Cooperative's website and the results of the vote to censure you will also be available publically.

Very truly yours,

A handwritten signature in black ink, appearing to read "Paul Bustamante", written over a horizontal line.

Paul Bustamante
President, Socorro Electric Cooperative, Inc.
Board of Trustees

PB:lmw

cc: Joseph Herrera, GM