

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

September 27, 2022

A meeting of the Board of Trustees of Kit Carson Electric Cooperative, Inc. (KCEC) was called to order by the President, Mr. Bobby Ortega, on Tuesday, September 27, 2022, at 9:05 a.m. in the Marcelino Martinez Room of the headquarters building of the Cooperative, Taos, New Mexico. The following Trustees were present:

<i>Arthur Rodarte</i>	<i>Present</i>
<i>Bruce Jassmann</i>	
<i>Luisa Valerio-Mylet</i>	
<i>Cristobal Duran</i>	
<i>Bobby Ortega</i>	
<i>Manuel Medina</i>	
<i>Bernie Torres</i>	
<i>Martin Dimas</i>	
<i>Sylvia Vigil</i>	
<i>Russ Coyle</i>	

Also, present were Luis A. Reyes, Jr., Chief Executive Officer, Carmella Suazo, Assistant Manager, Richard Martinez, COO, John Shafto, CFO, Michael Santistevan, Public Relations Officer and Brianna Trujillo, Executive Secretary who recorded the day's proceedings.

It was declared a quorum was present.

Quorum

Mr. B. Torres led the Board in reciting the Pledge of Allegiance.

Pledge of Allegiance

Mrs. Valerio-Mylet led the Board in a word of prayer, she also asked for a moment of prayer for Joyce Archuleta, Executive Secretary, who would be retiring after 26 years of service to KCEC. She thanked and applauded Joyce for her professionalism and dedication and wished her well on her new journey. The President stated this would be her last Board Meeting, he congratulated her on her years of service.

Prayer

The agenda was presented. Mr. Reyes requested that the re-appointment of Kit Carson Propane (KCP) Directors Betty Haagenstad, Michael Dennis Jacquez, Joel Perovich and Jeannie Masters be added to the agenda. It was moved by Mr. Rodarte, seconded by Mr. Medina, and unanimously approved, that the agenda be approved as amended.

Agenda

The minutes for the Board of Trustees regular Board Meeting held August 29, 2022, were presented. It was moved by Mr. Jassmann, seconded by Mrs. Valerio-Mylet, and unanimously approved, that the minutes be approved as presented.

*Minutes August
29, 2022,
Regular
Meeting*

Mr. Reyes presented the CEO report for August 2022. He reported revenues had increased this year compared to last year. He reported KCEC had the lowest wholesale rates in the state, 4.7 cents. Transmission cost was 2.44 cents overall, 1.26 cents Tri-State and 1.18 cents Public Service Company of New Mexico. Mr. Reyes reported that KCEC was working with Forest Service and Bureau of Land Management on the 115 kV Proposed Transmission Project. They recommended that a corridor and parallel 345 kV Transmission Line be created, will be submitting a map for approval by October 14, 2022. Mr. Reyes distributed a letter that would be sent to Western Area Power Association (WAPA) for the request of the return of hydropower allocation since Tri-State cannot be an owner of WAPA, Tri-State manages WAPA but does not own it. KCEC is trying to determine of the 300 megawatts managed by Tri-State, the percentage that is allocated to KCEC. United Power, KCEC, Delta and San Miguel are requesting their allocation of hydro power. WAPA allocation is considered base load. Mr. Rodarte asked if KCEC could request to go back to get allocations that KCEC should have been allocated. Mr. Reyes stated that he was unsure if that would be possible, the current request was on allocations moving forward. Mr. Reyes reported that the San Juan Generating Station would be closing this week. There would be market opportunities for KCEC in the future. He reported that KCEC was awarded \$800,000 for Electric Vehicle (EV) fast charging stations by the Department of Transportation (DOT). Mr. Martinez presented the Operation Report, he reported that maintenance continues, 800 ft. of old cable was replaced at Taos Pueblo, and cable would be replaced in Angel Fire. Mr. Reyes reported that flying via drone was taking place from Questa toward Molycorp and to Bobcat pass. He reported there had been insulator issues; therefore, KCEC was testing drone technology to view the top of the structure; testing would be completed next week. He stated cross arms and pins would need to be replaced. Mr. Reyes reported he was working with a contractor on scheduling the 69 kV transmission pole replacement, he stated they were negotiating the cost. Mr. Coyle asked if KCEC had considered purchasing drones. Mr. Reyes stated KCEC does not have the resources to complete inhouse, so KCEC is using a third party to expedite what needs to be replaced prior to the winter season. Mr. Martinez reported that pad mount transformers would take 142 to 160 weeks

CEO Report

for delivery and the cost for the transformers had increased by 30% to 40%. He reported KCEC was focusing on maintenance. KCEC has 77 underground work orders and of those 73 pad mount transformers are needed, KCEC has eight transformers in stock, investors are seeking transformers on their own. Mr. Reyes reported primary residents would be the priority for new service connections. Mr. Martinez stated KCEC was on consignment with distributors. Distributors are having a tough time obtaining materials due to supply chain issues. Mr. Reyes stated General Electric (GE) and Eaton had stopped taking orders on transformers; therefore, there are two remaining distributors and deliveries would be three years. KCEC has sent failed transformers to Brandon & Clark for refurbishing, return of transformers is 16 to 20 weeks. Mr. Dan Pritchard, Renewable Taos, reported the EV Expo held on Saturday was a success. He reported 250 people had attended and there were 35 EV's that included 16 different models including two trucks. Mr. Reyes was one of the 12 speakers at the EV Expo. He thanked KCEC for their support. Mr. Pritchard reported that Renewable Taos was organizing two sessions on heat pumps. One session for contractors and developers, and another session for homeowners and the public he stated this would be a free event that would be held at Bataan Hall. Mr. Reyes stated that transmission costs continue to be a challenge. He reported that KCEC's plan to build solar and store power would ensure resilience for KCEC. He also reported that KCEC's borrowing had decreased, he stated KCEC was able to use internal funds for most purchases. Mr. Shafto stated that he continues to focus on completing the reimbursement for the windstorm outage, he continues to manage funds for work order purchases, solar and line-extension projects. Mr. Reyes provided the Board with a Project Timeline for the Ojo-Taos 115 kV Transmission Project. He stated that he was working on extension contracts, which are required to manage the sale and storage of generated power supply. He also reported that he is designing a plan for EV charging expansion. Mr. Coyle asked whether KCEC's infrastructure was adequate for the escalating demand for energy. He added that the cooperative's ability to sell excess power could help increase income. Mr. Martinez reported that KCEC crews were conducting maintenance on overhead connections and transmission lines, tightening hardware, and trimming trees. Mr. Reyes reported that supply chain issues continue. He reported that members with networking resources have purchased their own transformers, although liability remains an issue with this alternative. Mr. Reyes added that gas generators and solar power are also alternative energy sources during this nationwide shortage. Discussion was held. Mr. Richard Martinez reported the Safety Committee met

September 13, 2022. He reported KCEC was at 18 days of no lost time accidents. There were two lost time accidents for the Month of August. Employee was getting on an excavator and dislocated his kneecap. Also, an employee was getting in a trench, stepped on a loose rock and sprained/dislocated his ankle. Both employees had follow-up appointments for release to return to work. Panic buttons have been installed; protocol needs to be put in place on how to alert all employees in case of an emergency. Following discussion, it was moved by Mr. Rodarte, seconded by Mr. Duran, and unanimously approved, that the CEO report for August 2022 be approved as presented. A copy of the CEO report is included in the Transfer of Documents and is hereby made a part of the minutes of this meeting.

The President reported requests have been received from Estates in the amount of \$8,897.72. It was moved by Mr. Jassmann, seconded by Mr. Duran, and unanimously approved, that payments be made to these Estates.

Capital Credits
to Estates

The President reported that the NRECA Regional meeting would be held October 24 – 26, 2022 in Little Rock, Arkansas and a NRECA and CFC Voting Delegate & Alternate would need to be appointed. He suggested that this be tabled as there has not been an interest from the Board in attending the NRECA Regional Meeting.

Appoint
NRECA and
CFC Voting
Delegate &
Alternate

Mr. Reyes reported that the Kit Carson Propane Annual Meeting would be held this morning and re-appointment of KCP Directors was in order. He reported the re-appointment of Betty Haaganstad, Michael Dennis Jacques, Joel Perovich and Jeannie Masters was in order. A letter from the Kit Carson Propane Directors was distributed, requesting re-appointment of their current Directors for another three-year term. The President asked if there were any other applicants and whether this opportunity was advertised to the public. It was reported that there were no other applicants and that it was not advertised by KCEC, it is unknown whether it was advertised by Kit Carson Propane. Following discussion, it was moved by Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved, that Kit Carson Propane Directors be re-appointed for a three-year term.

Kit Carson
Propane Re-
Appointment of
Directors

The President reported donation totals and correspondence were in the packet to be reviewed at leisure.

Donations &
Correspondence

Mr. Jassmann reported the Payables Committee met on September 9, 2022. Mr. Jassmann recommended approval. It was moved by Mr. Rodarte, seconded by Mr. Coyle, and unanimously approved, that Payables be approved as

Payables
Committee

presented.

Mr. Reyes reported the Broadband Committee met on September 22, 2022. Financials were reviewed. He reported that Kit Carson Internet (KCI) was meeting financial targets, KCI had a margin of \$500,000 for the month and that KCI had 11,300 customers. He reported in August 150 customers were connected and that KCI continues to apply for grants. Switches in Angel Fire need to be upgraded so if one switch fails, it would transfer automatically to another switch. There would be interim fixes until awards are finalized. Grants that have been awarded to KCEC have assisted with funding for Broadband expansion and equipment upgrades, this funding has allowed KCEC to avoid utilizing line of credits.

Broadband
Committee

Mr. Rodarte reported the Solar Committee met September 7, 2022. Mr. Reyes reported that he is currently working on obtaining insurance for the solar array and battery storage at Taos Mesa Solar. Mr. Medina asked how batteries are charged. Mr. Reyes stated that batteries are charged during the day from the solar array. Tri-State, Guzman and PNM can monitor KCEC's solar generation and storage. Ms. Vigil asked what is done with power being generated when storage is at capacity. Mr. Reyes stated a battery can be discharged 273 times a year. KCEC must back feed to the grid when batteries are fully charged, and solar array is still generating power. Batteries must be at 97% for 12 years if not the cell has to be replaced. Mr. Reyes reported that substantial completion of the Angel Fire Solar Array was changed to the end of this year. Mr. Reyes reported the Rio Costilla Cooperative Livestock Association (RCCLA) was scheduled to meet on October 14, 2022. TRANE would make a request to RCCLA to expand the Amalia Solar Array from 1.25 MWs to 10 MW of power and 7 MW of storage.

Solar
Committee

The president reported the Bylaw & Policy Committee met September 6, 2022; and discussed the Strategic Planning Session. The Committee did not have recommendations for the Board.

Bylaw & Policy
Committee

Mrs. Valerio-Mylet reported that the Public Relations & Economic Development Committee met September 23, 2022. She reported that the Committee met with Guzman's Public Relations Coordinator, they shared ideas on how to continue expanding Public Relation & Economic Development goals. She reported that Michael Santistevan, Public Relations Coordinator, was assisting the Committee and that employees were the best ambassadors for sharing KCEC's accomplishments. The

Public
Relations &
Economic
Development

committee suggested there be testimonials from members and community groups that KCEC continues to assist. Mr. Coyle suggested that information regarding supply chain issues be included in the notifications. The President recommended that the Cooperative's challenges also be addressed and be explained to the members as well as its successes. Mrs. Valerio-Mylet reported that the Committee's next meeting was scheduled for October 12, 2022.

Mr. Reyes stated that the Board Meeting for October was scheduled for October 31, 2022, and that there would not be a work session scheduled for October. Mr. Dimas suggested that the Operations Department consider re-using equipment and transformers from closed mines and generation stations to help with supply chain issues. Discussion was held on liability and cost to repair used transformers and equipment. Mr. B. Torres inquired about Tierra Right of Way contacting property owners regarding easements for the proposed 115 kV Transmission Project. Mr. Reyes stated Tierra was hired to acquire right of way easement from certain property owners. He stated KCEC has the right to condemn property; however, KCEC would rather negotiate with property owner. Ms. Vigil asked if Public Relations could provide outage information on the "Puro Penasco" Facebook page. She stated many members have expressed concern with repeated surges and outages on that page. Mr. Reyes explained that any information regarding planned and unplanned outage updates would continue to be shared with members on all current platforms as well as Facebook. He added that it is best for consumers to call the office and report their concerns so KCEC could complete an audit of the meter and check the specific location for the cause of any power issues they have experienced. The problem could be on the consumer's side i.e., loose neutral. Discussion was held on the 345 kV Transmission Line owned by Tri-State. Mr. Coyle requested that the Board receive email updates on outages, so they know how to respond to consumer's inquiries.

*Board
Concerns*

There being no further business to come before the Board, it was moved by Mr. Medina, seconded by Mr. Jassmann, and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. be adjourned until October 31, 2022, at 9:00 a.m. the date and time of the next Board meeting. Unless changed and, thereupon, the President declared the meeting adjourned at 10:58 a.m.

*Meeting
Adjourned*

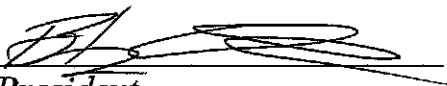
KCEC Board Meeting, September 27, 2022, continued

The following Trustees were present at the end of the meeting:

Arthur Rodarte, Bruce Jassmann, Luisa Valerio-Mylet, Cristobal Duran, Bobby Ortega, Manuel Medina, Bernie Torres, Martin Dimas, Sylvia Vigil, and Russ Coyle


Secretary

Approved this 31st day of DEC 2022


President