

*KIT CARSON ELECTRIC COOPERATIVE, INC.*

*MEETING OF THE BOARD OF TRUSTEES*

*October 31, 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 Monday, October 31, 2022, at 9:10 a.m. in the Marcelino Martinez Room of the headquarters building of the Cooperative, Taos, New Mexico. The following Trustees were present:*

<i>David Torres (Zoom)</i>	<i>Present</i>
<i>Arthur Rodarte</i>	
<i>Bruce Jassmann</i>	
<i>Luisa Valerio-Mylet</i>	
<i>Cristobal Duran</i>	
<i>Bobby Ortega</i>	
<i>Manuel Medina</i>	
<i>Martin Dimas</i>	
<i>Bernie Torres</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. Coyle led the Board in reciting the Pledge of Allegiance.* *Pledge of Allegiance*

*Mrs. Valerio-Mylet led the Board in a word of Prayer.* *Prayer*

*The agenda was presented. Mr. Ortega recommended the agenda be amended to include 7. B., Request from Daniel Cordova to address the Board. It was moved by Mr. Rodarte, seconded by Mr. B. Torres, and unanimously approved, that the agenda be approved as amended. The president welcomed guests and asked them to introduce themselves.* *Agenda*

*Mr. Ortega reported that the representative from Rodarte Mutual Domestic Water Consumers Association was not present at the time. The presentation of funds donated by Kit Carson Electric to Rodarte MDWCA's Restoration Project would be tabled until the Representative was present.* *Kit Carson Electric Foundation Community Projects*

Mr. Ortega congratulated Mr. Daniel Cordova for the successful program that he hosted in Questa, NM. Mr. Cordova thanked the president for the opportunity to address the Board of Trustees. He reported that he was starting Native Winds Radio, the newest local radio station that would represent the youth and senior citizens of Taos County communities. A Senior Prom for elderly was being planned for November 25, 2022. Listeners would benefit from the station's live broadcast of local music, sports, local news, public service announcements and other live community events on digital platforms. Ms. Sylvia Vigil expressed her best wishes for the station's success and dedication to the rural communities of Taos County, she asked that Mr. Cordova include Penasco sports. Mr. Cordova stated Picuris Pueblo and Penasco would be included in the station's coverage and that radio bingo was being planned for December 16, 2022, in conjunction with Picuris Pueblo Mr. Medina asked whether the station would be AM or FM. Daniel Cordova reported that Native Winds Radio would start as an Internet Radio Station and that in about 6 months, once approved by the Federal Communications Commission (FCC), the station would be available on FM frequencies

The minutes for the Board of Trustees regular Board Meeting held September 27, 2022, were presented. It was moved by Mr. Duran, seconded by Mr. Medina, and unanimously approved, that the minutes be approved as presented.

Minutes  
September 27,  
2022, Regular  
Meeting

Mr. Reyes presented the CEO report for September 2022. He reported \$485,369 in margins and \$4,104,338 year to date, Operations and Maintenance Expense increased; revenues decreased approximately \$2 million which was due to the exit fee that was paid in July. He reported collectively members bills decreased approximately \$3.5 million from July 2022 through September 2022, 2.5 million in cost of power and \$1 million in transmission costs. Cost of power was 4.7 cents and transmission costs increased from 2.5 to 3.5 cents. He stated Kit Carson Electric has one transmission contract with Public Utility Service of New Mexico (PNM), and two transmission contracts with Tri-State Generation and Transmission. Mr. Reyes reported that interest expense had decreased to 2.1%. He also reported that there were 152 new services connected this year; Kit Carson Electric operates 3,000 miles of line, 1,800 overhead and 1,000 underground and 140 miles of transmission line. Mr. Reyes explained that long-term debt for UNM solar array, parking canopy at KTAOS and the parking canopy at Eco Park should be paid off next year. He also stated that solar facilities have low maintenance costs, and that maintenance with PPC would help alleviate expenses. Mr. Medina expressed

CEO Report

concern with requests for tree trimming on overhead lines. He asked how many miles of KCEC's powerlines were under trees. Mr. Reyes reported that KCEC has permits with U.S. Forest Service, Bureau of Land Management, Taos Pueblo, and Picuris Pueblo to maintain trees within the 20-foot right-of-way for overhead powerlines in rural forests. KCEC has the same rights in the town areas. Mr. Reyes stated that KCEC has approximately 1,200 cumulative miles of overhead lines in tree populated areas, including primary lines, secondary lines, and service taps. Mr. B. Torres asked whether Kit Carson Electric's partnership with Guzman Energy would reflect differences in savings on the financial report. Mr. Rodarte asked if Tri-State and PNM notify KCEC of rate increases. Mr. Reyes explained that KCEC received notice that Tri-State rates would increase in December 2022. Mr. Reyes added that consultants are reviewing the impact of upcoming rate increases for 2023. Mr. Reyes reported that KCEC had hosted meetings to update employees, elected officials and environmental groups on the Green Chile 115 kV Transmission Line Project. Employee meetings also were held on the proposed Green Hydropower Project, the Inflation Reduction Act of 2022, the exit fee payoff, solar projects, and provided an update on the electric vehicle charging station installed throughout KCEC's service territory. Four Open House meetings had been scheduled for November 2022. Two meetings would be held at KCEC on November 8, 2022. The other two meetings would be held at the Okay Casino on November 9, 2022. Mr. Reyes reported that national supply chain issues continue. He reported that National Rural Electric Cooperative Association (NRECA) had asked the U.S. Department of Energy, U.S. Department of Agriculture and The White House to infuse \$260 million into the transformer business to promote manufacturing of transformers. Mr. Martinez and Mr. Reyes explained that wait time for transformers was at 140 weeks. They reported that transformers in Mexico and China were available 40-60 weeks out, Mr. Martinez is reviewing cost and shipping requirements. Mr. Reyes reported that the broken 69 kV transmission pole had been replaced. He reported that bad anchors were also changed out and three other poles would be replaced. He also reported that about 800 feet of underground cable had been replaced in Taos Pueblo. Ms. Vigil asked if there would be planned outages for replacement of the three poles. Mr. Reyes explained that members affected would be notified prior to planned outages for scheduled maintenance. Mrs. Valerio-Mylet added that she was affected by the planned outage for scheduled replacement of the 69 kV transmission pole, she explained that the notice given to affected members was handled very well on all platforms, she thanked KCEC Operations Department and Public Relations

Coordinator Michael Santistevan for his efforts in keeping members updated throughout the replacement. Mr. Reyes reported that the average cost of power for residential members was \$0.125 cents in August 2022. He mentioned that Jemez Mountain Electric Cooperative increased their residential rate by 9% or 10%. Mr. Reyes added that KCEC would have the lowest customer charge in the State of New Mexico. Mr. Richard Martinez reported the Safety Committee met October 10, 2022. He reported the Cooperative was at 48 days of no lost time accidents. Mr. Martinez reported that KCEC employees received Active Shooter training on September 19 and 20, 2022. It was moved by Mr. Jassmann, seconded by Mr. Duran, and unanimously approved, that the CEO report for September 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 \$9,596.99. It was moved by Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved, that payments be made to these Estates.

Capital Credits  
to Estates

Mr. Jassmann reported the Payables Committee met on October 10, 2022. Mr. Jassmann recommended approval. It was moved by Mr. Rodarte, seconded by Mr. Medina, and unanimously approved, that Payables be approved as presented.

Payables  
Committee

Mr. Reyes reported that Broadband continues to move forward, KCI had 11,700 subscribers at the end of September 2022 and should be close to 12,000 by the end of the year. He reported that Kit Carson Electric applied for a grant from US Department of Agriculture Rural Utilities ReConnect Program for rural broadband service expansion and was awarded \$23,624,986. Mr. Reyes reported that KCEC has an application at the State for a \$10 million grant to begin offering 3 to 5 gigabyte service to residential customers, KCEC has applied for other grants to fund a Middle Mile Plan to interconnect from Penasco to Dixon and from Ojo Sarco to Chimayo. Mr. Duran asked if permitting would be required for the Middle Mile interconnection plan between Ojo Sarco and Chimayo, since most of the property was owned by the U.S. Forest Service. Mr. Reyes explained that the U.S. Forest Service had been supportive of broadband expansion in rural communities, especially after the impacts of the recent wildfires and that it should not be an issue if Broadband expansion could remain parallel to the highway. Mr. Ortega asked Mr. Reyes to provide the Board with a project timeline regarding funds recently awarded. Mr. Reyes stated KCI already serves Jemez Mountains, and that the focus would be on connecting

Broadband  
Committee

*schools and rural residential areas so that residents could work from home and for online schooling. The planning process would begin this week, construction would begin in May 2023 depending on supply chain issue. Mr. B. Torres asked for an update on relief funds for 2020 windstorm. Mr. Reyes reported that KCEC has not received funds from FEMA for reimbursement of windstorm outages. Mr. Reyes also reported that RUS Administrator Andrew Berke and NM State Director of Rural Development, Patricia Dominguez, would be present at the meeting scheduled today in Abiquiu NM.*

*Mr. Rodarte reported the Solar Committee met October 13, 2022. Mr. Reyes reported that closing documents needed to be executed for the Taos Mesa Solar Project. He reported that 70% of modules have been installed for the Angel Fire Solar Project, and that batteries would be transferred from Taos to Angel Fire. Construction should be complete by February 2023. Mr. Reyes explained that once the Taos Mesa and Angel Fire Solar Arrays were online, KCEC would benefit from direct pay, with cost savings projected up to 40%. Mr. Reyes provided a summary of the proposed Green Hydrogen Project in Questa. He explained that this project would create jobs for Questa and surrounding areas. Mr. Medina expressed concern with the issue of creating jobs when businesses are having difficulty finding people who want to work. Mr. Reyes reported that there was potential in the youth of our communities, he explained that KCEC supports apprenticeship programs in local high schools which could be a solution to the workforce issues businesses are experiencing today. Mr. B. Torres asked whether the water used in the proposed Hydrogen Project would be put back into the ecosystem, he explained that environmentalists have expressed concern that contamination from reused water would impact the fish. Mr. Reyes explained that the National Renewable Energy Laboratory is studying water quality and whether it can be reused. Mr. Coyle asked about the impacts of potential gas regulations. Mr. Reyes reported per the Energy Transition Act, utilities would need to be 40% renewable by 2025, 50% renewable by 2030 and 80% renewable by 2040. Mr. B. Torres expressed concern for regulations and reduction in use of fossil fuels. Mr. Reyes explained that advances in battery storage technology would empower utilities to reach the goal of 100% renewable.*

Solar  
Committee

*The president reported the Bylaw & Policy Committee met October 11, 2022. The Committee discussed the Strategic Planning Session, which was scheduled to be held on October 18, 2022, in Red River NM. The Committee did not have recommendations for the Board.*

Bylaw & Policy  
Committee

*Mrs. Valerio-Mylet reported that the Public Relations & Economic Development Committee met October 12, 2022. She reported that the Committee discussed employee culture and power supply management succession. Mrs. Valerio-Mylet reported that the Committee's next meeting is scheduled for November 16, 2022.*

*The president called Cecilia Gurule to the Podium; Ms. Gurule is Secretary of the Rodarte Mutual Domestic Water Consumers Association (MDWCA). Ms. Gurule reported that the Rodarte MDWCA's water system was deteriorating, they have applied for grants and received a loan to replace the aging water line. She explained that the repayment of the loan has led to increased membership fees. Ms. Gurule reported that they are considering a merge with Penasco and Rio Lucio MDWCAs. Mr. Ortega thanked Ms. Gurule for her work. The Board presented the Rodarte MDWCA with a donation of \$10,000.00.*

*Mr. B. Torres requested an Executive Session. It was moved by Mr. B. Torres, seconded by Ms. Vigil, and unanimously approved, that the meeting be called to Executive Session. Executive Session was called to order by the President, Mr. Bobby Ortega, at 10:56 a.m.*

*The meeting was reconvened by the order of the President at 11:15 a.m. No action was taken under Executive Session.*

*There being no further business to come before the Board, it was moved by Mr. Duran, seconded by Mr. Medina, and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. be adjourned until November 29, 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 11:16 a.m.*


KCEC Board Meeting, October 31, 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, Martin Dimas, Bernie Torres, Sylvia Vigil and Russ Coyle

  
Secretary

Approved this 29<sup>th</sup> day of NOV. 2022

  
President