

*KIT CARSON ELECTRIC COOPERATIVE, INC.*

*MEETING OF THE BOARD OF TRUSTEES*

*November 29, 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, November 29, 2022, at 9:13 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</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>Sylvia Vigil</i>	
<i>Russ Coyle (Zoom)</i>	

*Also, present were Luis A. Reyes, Jr., Chief Executive Officer, Carmella Suazo, Assistant Manager, 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. Medina led the Board in reciting the Pledge of Allegiance.* *Pledge of Allegiance*

*Mrs. Valerio-Mylet led the Board in a word of Prayer and moment of silence for the passing of retired KCEC Operations Manager, Tom Archuleta.* *Prayer*

*The agenda was presented. Mr. Ortega recommended the agenda be amended to include the addition of a check presentation to the Arroyo Seco Community Center as item 8 and recommended to move Executive Session to item 9 on the agenda. It was moved by Mr. D. Torres, seconded by Mr. Jassmann, and unanimously approved, that the agenda be approved as amended. The president welcomed Mr. Jeff Heit, Principal Managing Director for Guzman Energy.* *Agenda*

*The minutes for the Board of Trustees regular Meeting held October 31, 2022, were presented. It was moved by Mr. Rodarte, seconded by Mr. Medina, and unanimously approved, that the minutes be approved as presented.* *Board Minutes October 31, 2022, Regular Meeting*

The president introduced Floyd Archuleta, a member of the Steering Committee. Mr. Archuleta reported that the Arroyo Seco Community Center project was coming along, weather permitting. He explained that the Arroyo Seco and Valdez communities would benefit from the project. Mr. Ortega congratulated the Arroyo Seco/Valdez Communities and thanked Mr. Archuleta for his work. The Board presented the Arroyo Seco Community Center with a donation of \$12,000.00. The donation was possible due to monies donated by Guzman Energy for community projects.

Kit Carson  
Electric  
Foundation  
Community  
Projects

The president requested that the Board enter Executive Session to discuss the Guzman Energy contract extension. It was moved by Mr. Duran, seconded by Mr. Rodarte, and unanimously approved, that the Board enter into Executive Session at 9:25 a.m.

Executive  
Session

The Meeting was reconvened by the order of the President at 10:39 a.m.

The president reported that no action was taken during Executive Session, after discussion it was recommended that the contract extension with Guzman Energy be approved, subject to legal review. He reported that the final contract approval would be at the December 27, 2022, regular meeting. It was moved by Mr. Duran, seconded by Mr. Medina, and unanimously approved, that the Guzman Energy contract extension be approved pending legal review.

Guzman  
Energy  
Contract  
Extension

Mr. Reyes presented the CEO report for October 2022. He reported that revenue and cost of power decreased due to savings reflected on the fuel adjustment. He reported 4.7 million dollars in savings year-to-date and 1 million dollars in savings within the last month, equivalent to a discount of 0.057 cents per kilowatt hour on member bills. Mr. Reyes reported 4.2 million dollars in margins, versus 5.2 million for the previous year; directly tied to providing savings for members. Mr. Reyes reported that transmission costs were higher and continue to increase; new transmission rates would be disclosed in December 2022 and implemented in January 2023. KCEC has transmission contracts with Public Utility Service of New Mexico (PNM) and Tri-State Generation. Mr. Reyes explained that in the future KCEC would be required to restructure member rates to capture the cost of power and revenue required to continue to provide electric service. Mr. Reyes reported that expenses are higher, due to maintenance on the system. He reported that a NM State law, effective July 1, 2022, has required KCEC to provide employees with 64 hours of sick leave each calendar year,

CEO Report

which increased expenses by \$188,000.00. Mr. Reyes reported that the final payment for long term debt of 5 million dollars, for the UNM Solar Array, would be paid within the next few months. Discussion was held on the Taos Mesa Solar Array which has a declining fixed rate set to decline on year 11 to year 25 and had a fixed lease payment for ten years. Mr. Reyes reported there were 171 new service connections this year, an increase of 40 compared to the previous year. Mr. Reyes reported that KCEC continues to work on the proposed Green Chile 115-kV Transmission Line Project. Mr. Reyes reported that there had been open house meetings in Taos and Espanola regarding the project, the meetings were very successful in sharing information with the public. Mr. Reyes reported that NM Renewable Energy Transmission Authority (RETA) was at the public meetings, advocating for more transmission in NM. He explained that transmission expansion was critical to renewable energy generation. Mr. Rodarte asked about feedback from Tri-State Generation regarding the Green Chile Transmission Line Project. Mr. Reyes reported that paperwork had been filed with PNM and Tri-State regarding interconnection at the Ojo Caliente substation, since KCEC would have to interconnect at a substation bay at the Ojo Caliente substation. KCEC received acknowledgement and technical feedback from PNM. Mr. Reyes stated that the proposed project design included a new substation. He stated in October there was a lot of transmission in New Mexico due to wind generation. The charts reflecting outages during October were distributed. Mr. Reyes reported that KCEC crews were currently conducting maintenance in Angel Fire. Mr. Reyes reported that snowmaking had begun, and ski areas were open except for Angel Fire Ski Resort. Mr. D. Torres asked if the outage report could be organized by district to reflect which districts were experiencing more outages and that rather than absolute numbers, a unitary pie chart be created to reflect outage per customer or outage per mile of line to see which districts stand out more. Mr. Reyes explained that KCEC has a cumulative database. District 1 historically experiences more outages since it is the largest District, and that outages in District 5 are longer due to underground service since faults take longer to find. The biggest reason for outages is "cause unknown". Mr. Reyes stated a lot of outages are reported as a fuse opened and after patrolling the line the crew doesn't find anything obvious. It could have been an under sized fuse or wind slapping the lines. Management needs to work on getting the crews to provide more information and detail to determine the cause of the outage. The crews providing detailed information would help refine the outage cause and would assist in determining maintenance required in specific areas such as guards for birds and fuse sizing.

Mr. D. Torres asked what "customer caused" outages were. Mr. Reyes explained outages are reported, and it is an open breaker on the consumer's side. He explained that consumers are asked to check their breakers before a crew is dispatched. Sometimes consumers don't know where their breaker is located. Mr. D. Torres asked if outage information can be posted on the website. Mr. Reyes explained that addresses and names cannot be disclosed but the general area or district was provided when outage notifications were presented to members. Mr. Medina stated that "cause unknown" outages and "material or equipment failure" outages made up 50% of outages listed on the report. Mr. Reyes stated he would coordinate with Operations to conduct an analysis of those outages to determine what type of equipment is failing or whether maintenance can help prevent outages. Chairman Ortega requested that crews be notified that documenting the cause of the outage was important. Mr. Reyes reported that Richard Martinez, KCEC Chief Operations Officer, Jaime Mares, Safety Coordinator, John Ortega, Safety Assistant and Jose Lovato, Kit Carson Internet (KCI) Broadband Manager, were attending a tabletop safety demonstration in Santa Fe, NM. Mr. Reyes explained that the tabletop exercise was hosted by the NM Department of Homeland Security, KCEC was chosen to participate along with Taos County Emergency Management. He explained that the purpose of the exercise was to present KCEC's response to an outage event for analysis and education to prepare for future events. Mr. D. Torres reported the Safety Committee met November 10, 2022. He reported the Cooperative was at 79 days of no lost time accidents. Mr. D. Torres added that Employee Safety Education was the main topic of discussion. It was moved by Mrs. Valerio-Mylet, seconded by Mr. Rodarte, and unanimously approved, that the CEO report for October 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 \$8,906.17. It was moved by Mr. Jassmann, seconded by Ms. Vigil, and unanimously approved, that payments be made to these Estates.

Capital Credits  
to Estates

The president reported that recommendations have been made that the December Board Meeting be held Tuesday, December 27, 2022, and the Budget Work Session be held Wednesday, December 28, 2022, since KCEC was closed on December 26, 2022, due to the Christmas holiday. It was moved by Mr. Duran, seconded by Mr. Jassmann, and unanimously approved, that the Board Meeting be held December 27, 2022, and the Board Work Session be held December 28, 2022.

December  
Board Meeting  
Change

*Mr. Jassmann reported the Payables Committee met on November 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 Committee met on November 18, 2022. He reported that Broadband expansion projects continue to move forward. He reported KCI has 11,700 subscribers, close to 4 million dollars in margins and is connecting 120 subscribers each month.*

*Broadband  
Committee*

*Mr. Rodarte reported the Solar Committee met November 15, 2022. Mr. Reyes reported that the Angel Fire Solar Array would be mechanically complete by the end of December 2022, weather permitting. He reported that the Angel Fire Array should be substantially complete by the end of January 2023, testing should begin in February 2023, the array online by March 2023. Mr. Reyes provided a summary of the proposed Green Hydrogen Project in Questa, NM. He reported that he was scheduled to attend a tour of NREL's 1Mw Green Hydrogen Plant in Denver, CO on December 9, 2022. The Village of Questa is the team lead, Kit Carson Electric is the technical lead for the project. Mr. Reyes explained that the concept paper for this proposed project was submitted to the State of NM in November 2022 and that the Technical Feasibility Study should be complete by February 2023. The Feasibility Study would provide the project's infrastructure requirements, water requirements and possible economic growth. Mr. Reyes reported that KCEC is reviewing the Inflation Reduction Act to finance upcoming projects using grant money.*

*Solar  
Committee*

*Mr. D. Torres reported the Bylaw & Policy Committee met November 21, 2022. He reported that Daniel Trujillo, Information Technology Director, gave a presentation of the importance of Cybersecurity and KCEC's plan to practice and promote Cybersecurity. He reported that once the Cybersecurity plan was in place, the Committee would have recommendations for the Board.*

*Bylaw & Policy  
Committee*

*Mrs. Valerio-Mylet reported that the Public Relations & Economic Development Committee met November 16, 2022. She reported that the Committee discussed posting projects on media outlets and the importance of gathering testimonials from members and community groups. Mrs. Valerio-Mylet reported the upcoming KCEC Trivia Extravaganza would be promoted through the web, text message, email, and newspaper advertisements. She explained that the trivia questions would comprise of the cooperative's history and services to the members.*


*Public  
Relations &  
Economic  
Development*

Mr. Reyes congratulated Sylvia Vigil for completing the Board National Rural Electric Cooperative Association (NRECA) Concerns Credential Cooperative Director Program.

There being no further business to come before the Board, Meeting it was moved by Mr. Medina, seconded by Mr. Jassmann, Adjourned and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. be adjourned until December 27, 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 11:25 a.m.

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

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



Secretary

Approved this 27 day of DEC 2022



President