

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

January 27, 2023

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 Friday, January 27, 2023, 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:

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

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

It was declared a quorum was present. Quorum

Ms. Vigil 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. It was moved by Mr. Rodarte, seconded by Mr. B. Torres, and unanimously approved, that the agenda be approved as presented. Agenda

The minutes for the Board of Trustees regular Board Meeting held December 27, 2022, and the minutes for the Board of Trustees Special Board Meeting held December 28, 2022, were presented. It was moved by Mr. Jassmann, seconded by Mr. Medina, and unanimously approved, that the minutes be approved as presented. Minutes  
December 27,  
2022, Regular  
Meeting &  
December 28,  
2022, Special  
Meeting

The president introduced Adrian Trujillo, a representative of the Canon Mutual Domestic Water Consumers Association (MDWCA). Mr. Trujillo reported that the Kit Carson Electric Foundation

Association was working on upgrading tanks to expand water storage, they had received allocations for this expansion. He reported that they had 200 customers currently and that membership continues to grow. The President congratulated the Canon MDWCA and thanked Mr. Trujillo for his work. The Board presented the Canon MDWCA with a donation of \$10,000.00. The donation was possible due to monies donated by Guzman Energy for community projects.

Community  
Projects

The President introduced Dr. Kathryn Cordova, Co-President and Raymond Cisneros, Treasurer of El Prado Community Center. Dr. Cordova submitted a request for financial assistance for the El Prado Community Center Restoration Project, from the Kit Carson Electric Education Foundation (KCEEF). The President explained that the Community Project Application must be completed and submitted to the District One Trustees that serve on the KCEEF Board, before it would be presented to the full KCEC Board of Trustees. He reported that the application would be reviewed for approval after July 1, 2023. The President welcomed Dr. Cordova to provide a brief description of the project. Dr. Cordova reported that the focus of the project was to restore and complete necessary upgrades to the El Prado Community Center, a historic building, for public use. She reported that they have been writing grants and working with Taos County. The President and Mrs. Valerio-Mylet praised Dr. Cordova and the rest of the group for their efforts. Ms. Vigil mentioned that Penasco had partnered with the University of New Mexico (UNM) School of Architecture to work on a similar project. Mrs. Cordova thanked Sylvia for the information, she explained that they were pursuing the same relationship with the UNM School of Architecture. Mr. Ortega asked if funding from the Legislature had been requested. Dr. Cordova reported that the Community Center received capital outlay funds to pay for the architectural study of the building, which deemed the building sound and worthy of renovation. Dr. Cordova was informed by Kristina Ortez, NM State Representative, that another request for Capital Outlay would be reviewed next year.

Mr. Reyes presented the year-end CEO report for December 2022. He reported \$5.9 million in margins, versus \$5.5 million for the previous year. He reported that a new rate design would be proposed at the end of 2023, and that KCEC has succeeded in achieving positive margins and meeting targets without increasing rates and decreasing electric bills. He added that KCEC had requested rate increases twice in the last 30 years. Mr. Reyes explained that KCEC members requested expansion into broadband and propane services, and this had

CEO Report

contributed to the Cooperative's success. Mr. Reyes stated there was extreme weather yesterday at Eagle Nest. It was the coldest place in the nation, negative 31 degrees. He stated KCEC prevailed through financial hardship caused by the December 2021 /January 2022 winter storm, and the April 2022 wildfires without government relief. He also reported margins had been the highest in the Cooperative's 77-year history. Discussion was held regarding all-electric conversion for homes and businesses, EV vehicles and generation of renewable energy. Mr. Reyes reported that consumers convert to all-electric to minimize their carbon footprint resulting in an increased demand for renewable energy. Mr. Coyle asked if KCEC had considered potential sale of excess power from solar to increase revenue. Mr. Reyes stated there were four proposed transmission projects in northern NM. Lengthy discussion was held on electrification, Questa Green Hydrogen Project, enhanced battery storage options, and the Energy Transition Act. The Outage Report was reviewed. Crews continue to maintain electric lines. Mr. Reyes reported TIER of 4.83 for total company. He reported 1.5 TIER for electric only, the goal would be 1.25. Operating TIER of 1.37 for electric and debt service of 2.65. Mr. D. Torres asked why the standard for power loss was so high, a reported 8.49%. Mr. Reyes explained that the reported standard was from last year. He reported that current distribution losses were at 7%-8% range, which was related to the size of wire relative to the load. Mr. D. Torres reported the Safety Committee met January 10, 2023. He reported the Cooperative was at 143 days of no lost time accidents. Mr. D. Torres reported that the Safety Committee had discussed when an injury should be classified as a lost time and if the injury affects worker's compensation modifier ratio. He reported that the Safety Committee had no recommendations regarding this discussion. Mr. Shafto reported that he would work with KCEC's insurance company. It was moved by Mr. Duran, seconded by Ms. Vigil, and unanimously approved, that the CEO report for December 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 \$5,211.15. It was moved by Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved, that payments be made to these Estates. Capital Credits to Estates

The President presented KCEC Resolution No. 1-1-23 - Approve Taos Mesa Energy Facility, LLC and KCEC Resolution No. 2-1-23 - Angel Fire Energy Facility, LLC. Mr. Reyes explained that these Resolutions had been approved under the names of Taos Mesa Solar , LLC and Angel Fire Solar 1-1-23 and Corrections needed for Resolution No. 1-1-23 and

, LLC but required name corrections to “Energy Facility, LLC”. It was moved by Mr. Rodarte, seconded by Mr. Duran, and unanimously approved, that Resolution No. 1-1-23 and Resolution No. 2-1-23 be approved. Resolution No. 2-1-23

Discussion was held on appointment of Voting Delegate and Alternate for the NRTC Annual Meeting to be held March 5, 2023, in Nashville, TN. The President appointed Mr. B. Torres as Voting Delegate and Mr. Medina as Alternate Voting Delegate. Appoint NRTC Voting Delegate & Alternate

Discussion was held on appointment of Voting Delegate and Alternate for NRECA Annual Meeting to be held March 7, 2023, in Nashville, TN. The President appointed Mrs. Valerio-Mylet as Voting Delegate and Mr. Duran as Alternate Voting Delegate. Appoint NRECA Voting Delegate & Alternate

The President reported that a date would need to be set to review the Kit Carson Electric Education Foundation 2023 Scholarship Application for public release, it was recommended that the meeting to review the 2023 Scholarship Application be scheduled for February 9, 2023, at 12:00 p.m. The President reported that a date would need to be set to review Kit Carson Electric Education Foundation Community Project Applications for the next funding cycle, it was recommended that the meeting to review Community Project Applications be scheduled for June 15, 2023, at 12:00 p.m. The President reported that a date would need to be set to review 2023 Scholarship Applications for recipient approval in April 2023, which would be addressed at the March 2023 Regular Board Meeting. Set Kit Carson Electric Education Foundation Dates

Mr. Jassmann reported the Payables Committee met on January 10, 2023. Mr. Jassmann recommended approval. It was moved by Mr. Rodarte, seconded by Mr. Manuel, and unanimously approved, that Payables for December be approved as presented. Payables Committee

Mr. Reyes reported that Broadband Committee met on January 23, 2023. He reported KCI has 11,833 subscribers. Mr. Reyes explained that the goal was to reach 12,000. Mr. Reyes reported that Jose Lovato, Internet Manager, would work on required updates to the broadband circuit to accommodate growth. Mr. Reyes reported that revenue continues to grow, he reported margins of \$4.9 million for the year; \$1.1 million in revenue each month. Mr. Reyes reported that KCEC is finalizing documents with Rural Utility Service (RUS) regarding the Abiquiu build, he added that KCEC had received an opinion letter. Mr. Reyes reported that multiple broadband companies were expanding into Jemez Mountain Electric Cooperative service territory, he Broadband Committee

reported that Kit Carson Internet (KCI) and KCEC would continue working with Jemez Mountain Electric Cooperative on broadband expansion plans, through legal counsel. Mr. Reyes reported that there were four positions open for hire at KCI, two service technicians and two office positions. Mr. Ortega asked how KCI plans to deploy income resources. Mr. Reyes reported that KCI financial resources have helped stabilize KCEC rates and minimize use of line of credit. Mr. Reyes suggested that an informational session with the Auditor on the 85/15 rule would help the Board plan for future tax strategies to lower liability. Discussion was also held on possibly creating a business model for KCI to be a subsidiary of KCEC. Mr. Ortega requested that Mr. Shafto provide performance standards for KCI in comparison to other broadband companies in the industry. Mr. Ortega explained that this comparison could help with financial resource strategies as well.

Mr. Rodarte reported the Solar Committee met January 11, 2023. Mr. Rodarte presented an Operating Report for Taos Mesa Energy Facility. Mr. Reyes explained that the Energy Facility's Operating Report is generated by Tonian Renewables, contracted operations and maintenance services. Mr. Reyes reported that 94% of generated energy went into the system, 5.7% energy loss was referred to as transformer or inverter loss. Mr. Reyes reported that the facility produced 2 million kWh in December 2022, a total of 4.7 million kWh year-to-date, which indicates a total of 2.7 kWh generated in November 2022. Mr. Reyes explained that shorter days and overcast affected solar generation in December. Mr. Reyes added that Energy Facilities have weather monitoring systems. Mr. Reyes explained that the Taos Mesa Energy Facility is operating at 98.8%. Mr. Reyes stated that it is common for arrays to generate more energy than they are rated. He explained that at the Taos Mesa Energy Facility 102% of budgeted resources were recorded in November 2022 and 95% in December 2022. Mr. Reyes explained that the 15MW Array had generated 15.2MW at one time. Mr. Reyes reported that daily statistics, and an inspection analysis were provided on the Operating Report. Inspections would be scheduled regularly to enforce safety regulations, inspections required due to monitored alerts would be conducted by Tonian Renewables. Mr. Rodarte asked who would be reviewing the data provided in the Operating Report. Mr. Reyes explained that Mr. Richard Martinez would be reviewing the data and working directly with Tonian Renewables. Mr. Rodarte reported that the Angel Fire Energy Facility should be online by mid-February 2023. Mr. Reyes explained that unexpected negative temperatures resulted in battery charging issues at the Angel Fire Energy Facility. Mr. Martinez reported

that batteries need to be at temperature of at least 5 degrees Celsius to charge, temperatures were at negative 7 degrees at the time they tried to charge the batteries. Mr. Dimas asked whether batteries had a warranty, he expressed concern whether temperature fluctuations would damage the batteries. Mr. Reyes explained that the batteries are under contract warranty and a secondary 20-year insurance policy. Ms. Vigil asked if these batteries have internal heaters to help regulate temperature, since temperatures during winter months usually drop below 41 degrees Fahrenheit; 5 degrees Celsius. Mr. Martinez explained that the battery packs have internal heaters to regulate temperature, Mr. Reyes added that when the batteries were successfully charged and the facility was online, they would maintain a charge and cold temperatures would not be a concern.

Mr. D. Torres reported the Bylaw & Policy Committee met January 18, 2023. He reported the committee reviewed a new KCEC Policy No. 1.18, Hybrid Committee Meetings. Mr. D. Torres explained that the policy addresses guidelines and requirements for Hybrid Committee Meetings and does not apply to regular Board Meetings or Special Board Meetings. He added that regular Board Meetings and Special Board meetings would be held in-person only. Mr. D. Torres reported that the Committee had recommended that new KCEC policy No. 1.18 be approved as presented. It was moved by Mr. Rodarte, seconded by Mrs. Valerio-Mylet, and unanimously approved, that new KCEC Policy 1.18 Hybrid Committee Meetings, be approved as presented.

Mrs. Valerio-Mylet reported that the Public Relations & Economic Development Committee met January 4, 2023. Mrs. Valerio-Mylet reported that the Committee continues to work on "Kit Carson Energy Independence Day", a special event to be held February 15, 2023, at La Fonda on The Plaza, in Santa Fe, NM. She explained that gift packages made up of locally made coffee mugs, energy bars, and lotions would be provided to NM Legislators in celebration and recognition of KCEC's success in reaching solar goals. Mrs. Valerio-Mylet reported that the Trivia Extravaganza event was a great success in promoting awareness of KCEC's service to the members and success within the industry. She thanked the Committee, Michael Santistevan, Mr. Reyes and Lindsey Bain and Mary Mylet from Taos County Chamber of Commerce for their efforts. Mr. Medina suggested that the Committee discuss strategies to raise awareness regarding use of electric versus gas. Ms. Vigil suggested Hotel Santa Fe, which is owned by Picuris Pueblo, as a venue for the next legislative event. Mr. Ortega thanked Mrs. Valerio-Mylet for her hard work. Discussion was held regarding

arrangements for KCEC's presence at the NM State Legislature for "Broadband Day", on February 15, 2023.

The President called for an Executive Session. It was moved by Mr. Duran, seconded by Mr. Medina, and unanimously approved, that the Board enter Executive Session at 10:43 a.m.

The Meeting was reconvened by the order of the President at 10:50 a.m., no action was taken during Executive Session.

There being no further business to come before the Board, it was moved by Mr. B. Torres, seconded by Ms. Vigil, and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. be adjourned until February 28, 2023, 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 10:51 a.m.

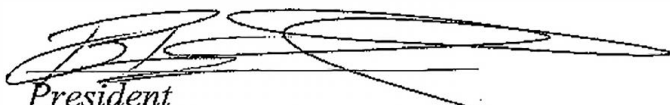
The following Trustees were present at the end of the meeting:

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



Secretary

Approved this 28 day of Feb. 2023.



President