

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

March 28, 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 Tuesday, March 28, 2023, at 9:06 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>Bobby Ortega</i>	
<i>Martin Dimas</i>	
<i>Sylvia Vigil</i>	
<i>Russ Coyle</i>	
<i>Manuel Medina</i>	
<i>Bernie Torres</i>	

The President stated Mr. David Torres was unable to attend the meeting due to travel out of state, Mrs. Luisa Valerio-Mylet was recovering from her surgery and Mr. Cristobal Duran was taking his mother to medical appointments. 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, Richard Garcia, Line Supervisor and Alonzo Visarraga, newly promoted Line Supervisor 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. Suazo led the Board in a word of Prayer. *Prayer*

The agenda was presented. The President recommended Taos High Culinary and Mr. Richard Garcia, be added to the agenda as Item 8. It was moved by Mr. Rodarte, seconded by Mr. Coyle, and unanimously approved that the agenda be approved as amended. *Agenda*

The minutes for the Board of Trustees regular Board Meeting, held February 28, 2023, were presented. It was moved by Mr. Jassmann, seconded by Mr. Coyle, and unanimously approved that the minutes for February 28, 2023, be approved as presented. *Minutes February 28, 2023, Regular Meeting*

The President introduced Taos High Culinary Team, and Mr. Adam Medina, Instructor. For six consecutive years Taos High has won the ProStart Hospitality Cup, a traveling trophy awarded to the program with the highest combined score in both culinary and management skills. The team was seeking sponsorship for travel expenses to Washington, D.C. for the National ProStart Invitational in May 2023. Alimar Espinoza-Sack, co-captain, presented the Board with an overview of the upcoming competition and introduced the rest of the team. The President congratulated the team on their success and praised them for their efforts and dedication. An official request for a \$500.00 sponsorship was presented to the Board, which included dinner for two at the fundraising dinner scheduled April 4, 2023, at Taos Education At Work Café and the company logo on the team's uniform which would be worn at the National competition.

*Kit Carson
Electric
Foundation
Community
Projects – Taos
High Culinary
Team*

The President welcomed Mr. Richard Garcia, Line Supervisor; whom would be retiring after 26 years of service to KCEC. The President thanked Mr. Garcia for his dedication and hard work over the years. The Board also commended Mr. Garcia for his service to the Cooperative as well as his fellow workers. Mr. Garcia thanked the Board for their support over the years and the opportunities he was given throughout his time with the Cooperative. The President welcomed Mr. Alonzo Visarraga, whom had been promoted to Line Supervisor. Mr. B. Torres joined the meeting at that time. Mr. Richard Martinez reported that Mr. Visarraga had been a dedicated and hard-working Line Operator with KCEC for the last 27 years. Mr. Ortega congratulated Mr. Visarraga on his promotion and thanked him for his continued service to the Cooperative. Mr. Visarraga thanked the Board for promoting within the Company and for the opportunity.

The President reported that Mr. Martin Dimas and Mr. Russ Coyle had been awarded the Certificate of Achievement for completing the National Rural Electric Cooperative Association (NRECA) Credentialed Cooperative Director Program, a requirement outlined in the KCEC Bylaws to serve on the Board of Trustees. Mr. Bernie Torres has also completed the Program and was waiting for Certificate.

Mr. Reyes presented the CEO report for February 2023. He reported \$3 million in margins, year-to-date; compared to \$1.5 million last year. Revenue was down due to the lower cost of power or member savings. Mr. Reyes reported that KCEC would continue to promote E-Billing for members to lower postage costs. He stated the Operations Department would continue with tree trimming

CEO Report

and maintenance, with no major outages in February 2023. He reported that Taos Ski Valley would be hosting Ski Races that weekend, snowmaking would continue through the week. Mr. Rodarte asked if transmission expenses had increased. Mr. Reyes explained that KCEC had challenged Tri-State Generation and Transmission's rates at the Federal Energy Regulatory Commission (FERC) and that KCEC had received a settlement for being overcharged, the rates were lowered until the next rate case in October 2023. If transmission rate increases filed in October 2023 were approved, the new rates would be effective January 2024. Discussion was held on formulary rates versus stated rates. Mr. Reyes stated that KCEC would continue to challenge rate increases as needed and that the Green Chile Transmission Line project would help stabilize transmission costs. Mr. Reyes reported that Kit Carson Propane (KCP) and Kit Carson Internet (KCI) continue to do well. KCEC's revenue would decrease in April 2023, due to warmer weather. Mr. Reyes reported that KCEC's communication network has assisted in preparing members for outages, especially members who use medical equipment. Mr. Reyes added that members should contact Customer Service to report home medical devices to help identify the service areas highly populated with consumers with a medical device. Mr. Ortega reported that KCEC had received positive feedback from USDA's Rural Utilities Service (RUS) and CoBank at meetings held during the National Rural Electric Cooperative Association (NRECA) Annual Meeting in Nashville, TN. KCEC was commended by many for KCEC's overall progress. Discussion was held regarding KCEC's popularity in the industry and the recognition that others expressed for KCEC's success and advanced initiatives and vision. Mr. Ortega also mentioned that it would benefit KCEC employees to attend conferences. Mr. Reyes reported that interest rates increased and that supply chain issues would continue to be KCEC's biggest setback. He explained that orders for transformers were 60 weeks out since there was only 1 manufacturer in the United States; if transformers are ordered from another country, transport would be an issue. Manufacturers had reportedly rejected orders for transformers, only accepting orders placed by larger, long-standing customers. Mr. Martinez reported that KCEC crews are looking for idle transformers in the system to bring back and use where needed. Mr. Reyes added that supply chain issues on the consumer's side, rubber goods and breakers, had been another obstacle for members requesting service. Refurbished transformers have become a liability due to fire danger and contamination concerns. Mr. Medina recommended that KCEC meet with contractors and developers. Mr. Martinez reported that the Safety Committee met March

13, 2023. He reported that the Cooperative was at 12 days of no lost time accidents. There were 2 reported accidents for the month of February. A KCEC tree trimmer was hit in the face by a branch when it rotated in the chipper, the employee was wearing safety glasses. A KCP employee twisted or sprained their hand while hooking up a connection to fill a propane tank. It was moved by Mr. Rodarte, seconded by Mr. Medina, and unanimously approved that the CEO report for February 2023 be approved as presented. A copy of the CEO report was 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 \$12,464.18. It was moved by Mr. Jassmann, seconded by Ms. Vigil, and unanimously approved, that payments be made to these Estates.

The President presented the Board with the Distributed Resources Coordination Agreement between Guzman Energy and KCEC. Mr. Reyes explained that the agreement would help Guzman Energy manage battery storage and subsequently sell excess power generated by KCEC Solar Facilities, on behalf of KCEC. It was moved by Mr. Jassmann, seconded by Mr. Rodarte, and unanimously approved that the Distributed Resources Coordination Agreement between Guzman Energy LLC, and KCEC be approved as presented. A Roll Call vote taken by Carmella Suazo, Assistant Manager (yes in favor, no against) was taken as follows:

Arthur Rodarte - Yes
Bruce Jassmann - Yes
Bobby Ortega - Yes
Manuel Medina - Yes
Martin Dimas - Yes
Bernie Torres - Yes
Sylvia Vigil - Yes
Russ Coyle - Yes

Mrs. Suazo presented the proposed Record Dates for District 1 and District 2 upcoming elections. District 1 Record Date would be April 6, 2023, District 2 Record date would be April 11, 2023, 30 days before 2023 District Meeting/Election Dates, in accordance with KCEC Bylaws. If KCEC membership is effective after District Record Date, members would be ineligible to vote for District Elections. Mrs. Suazo explained that District 1 Meeting/Election would be May 9, 2023, and District 2 Meeting/Election would be May 11, 2023. It was moved by Mr. B. Torres, seconded by Mr. Dimas, and unanimously approved that the District Election Record Dates for 2023 be approved as presented.

Mr. Reyes proposed that the 2023 Annual Meeting Date be scheduled for June 17, 2023. After discussion, it was moved by Mr. B. Torres, seconded by Ms. Vigil, and unanimously approved that the 2023 Annual Meeting Date be approved as presented.

*Set 2023
Annual Meeting
Date*

Mr. Jassmann reported the Payables Committee met on March 10, 2023. Mr. Jassmann recommended approval. It was moved by Mr. Rodarte, seconded by Mr. Medina, and unanimously approved that Payables for February be approved as presented. The President recommended that bids be presented to the Payables Committee instead of scheduling through Bid Committee meetings.

*Payables
Committee*

Mr. Reyes reported that the Broadband Committee met on March 24, 2023. Mr. Reyes reported that Kit Carson Internet (KCI) had close to 12,000 subscribers and had an average of \$500,000 a month in profit. In April, broadband expansion into District 5 would begin. KCEC continues to move forward with creating a partnership with Jemez Mountains Electric Cooperative on broadband in the North-Central part of the state. Mr. Coyle reported that other broadband companies were advertising in District 5. Mr. Reyes reported that he would work with Jose Lovato, Broadband Manager, on advertising for KCI.

*Broadband
Committee*

Mr. Rodarte reported the Solar Committee met March 20, 2023. Mr. Rodarte reported that the Taos Mesa Energy Facility was doing well. He asked how much excess power would be available to sell. Mr. Reyes reported that KCEC would consider selling excess power if KCEC had excess power during peak times, KCEC's current goal was to reach 80 megawatts of storage. Mr. Rodarte reported that KCEC would continue working towards the hydropower allocation with Western Area Power Association Administration (WAPA). Mr. Reyes explained that in 1929, power generated from the federal dam system was allocated to rural areas of the United States. At that time, KCEC allowed Plains Electric to manage KCEC's share of that power. The rights to that power were assigned to Tri-State when the merger between Plains Electric to Tri-State took place. Upon the exit with Tri-State, KCEC requested allocation to Guzman Energy, so they could manage the allocation, but Tri-State has denied KCEC's request. Mr. Reyes reported that KCEC has congressional support and would continue to work with WAPA to acquire KCEC's hydropower allocation. Discussion was held.

*Solar
Committee*

Mr. Reyes reported the Bylaw & Policy Committee met March 17, 2023. He explained that new KCEC cyber security policies were presented to review. Daniel Trujillo, Chief Information Security Officer has been promoting the

*Bylaw & Policy
Committee*

importance of cybersecurity with KCEC employees and members as well as local municipalities and businesses. Mr. Reyes reported that these policies would be formalized and reviewed again at the next Bylaw and Policy Committee meeting.

The President reported that the Public Relations & Economic Development Committee did not meet in February 2023. He mentioned that there had been reports that the Town of Taos would begin charging fees to Taos Little League for the use of parks. Mr. Reyes explained that he had spoken to Town of Taos officials regarding the proposed fee. Discussion was held regarding solutions. The President reported that the Kit Carson Electric Education Foundation Board of Directors would be meeting on April 20, 2023, to review Scholarship and Community Project Applications.

Mr. Coyle requested that a write-off of delinquent KCEC accounts be considered for the next Board Meeting. Mr. Shafto and Mr. Reyes reported that they would work on gathering the information required for a write-off. Mr. Daniel Pritchard commended Mr. Reyes and the Board for their progressive actions toward renewable energy and for the careful consideration of the Cooperative members. He reported that Renewable Taos is sponsoring an Earth Day event on April 22, 2023, at Bataan Hall, to coordinate a trash pick-up event with guest speakers and booths to promote environmental health, renewable energy, and sustainability.

The President called for an Executive Session. It was moved by Ms. Vigil, seconded by Mr. Coyle, and unanimously approved that the Board enter Executive Session at 11:05 a.m.

The Meeting was reconvened by the order of the President at 12:01 p.m., no action was taken during Executive Session.

There being no further business to come before the Board, it was moved by Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. be adjourned until April 25, 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 12:02 p.m. The following Trustees were present at the end of the meeting:

Arthur Rodarte, Bruce Jassmann, Bobby Ortega, Manuel Medina, Bernie Torres, Martin Dimas, Sylvia Vigil, and Russ Coyle

*KIT CARSON ELECTRIC COOPERATIVE, INC. MEETING
OF THE BOARD OF TRUSTEES, March 28, 2023
Continued..*



Secretary

Approved this 25th day of APRIL 2023.



President