

*KIT CARSON ELECTRIC COOPERATIVE, INC.*

*MEETING OF THE BOARD OF TRUSTEES*

*December 28, 2023*

*A meeting of the Board of Trustees of Kit Carson Electric Cooperative, Inc. (KCEC) was called to order by the Vice-President, Mr. Cristobal Duran, on Thursday, December 28, 2023, at 9:15 a.m. in the Marcelino Martinez Room of the headquarters building of the Cooperative, Taos, New Mexico. The following Trustees were present:*

*Index*

<i>Martin Dimas</i>	<i>Present</i>
<i>Cristobal Duran</i>	
<i>Bruce Jassmann</i>	
<i>Manuel Medina</i>	
<i>Arthur Rodarte</i>	
<i>Bernie Torres</i>	
<i>David Torres</i>	
<i>Sylvia Vigil</i>	

*Also present, were Luis A. Reyes, Jr., Chief Executive Officer, Carmella Suazo, Assistant Manager, John Shafto, Chief Financial Officer, Richard Martinez, Chief Operations Officer, Michael Santistevan, Public Relations Coordinator, Heather Nichols, Human Resources Manager, Jaime Mares, Safety Coordinator, Daniel Trujillo, Chief Information Security Officer, Annette Rael, Customer Service Supervisor, Katherine Coca, Collections Supervisor, Jose Lovato, Internet Manager, Shannon Vigil, Propane Manager and Brianna Trujillo, Executive Secretary who recorded the day's proceedings. Mr. Bobby Ortega, Mrs. Luisa Valerio-Mylet, and Mr. Russ Coyle were not present.*

*It was declared a quorum was present.*

*Quorum*

*Mr. Dimas led the Board in reciting the Pledge of Allegiance.*

*Pledge of Allegiance*

*Mr. B. Torres led the Board in a word of Prayer.*

*Prayer*

*The agenda was presented. Mr. Reyes recommended that item 9e. Review & Approve 2024 Budget, be changed to: Review & Tentatively Approve 2024 Budget to allow managers and staff to make any recommended changes for review and final budget approval. It was moved by Mr. B. Torres, seconded by Mr. Medina, that the agenda be amended to Review & Tentatively Approve the 2024 Budget. Discussion was held on scheduling a Special Board Meeting in January for final review of the 2024 Budget; the final Budget would incorporate any changes, if necessary, as a result from discussion of the Budget. Mr. B. Torres amended his motion to include scheduling a Special Board*

*Agenda*

*Meeting in January for review and approval of the final 2024 Budget; Mr. Medina amended his motion. Motion was unanimously approved.*

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

*Minutes for  
November 28,  
2023*

*Mr. Reyes presented the CEO report for November 2023. He reported \$7.3 million in margins, year to date, versus \$5.1 million last year. Mr. Reyes reported that Kit Carson Propane and the Internet Division continue to do well, there were six other electric cooperatives interested in expanding into Broadband and one cooperative interested in offering propane services: following KCEC's business model. He stated that KCEC would focus on electric reliability. KCEC service territory had less moisture in the early winter months, fire mitigation requirements would be higher if this continues. Mr. Reyes explained that insurance policy standards had changed due to wildfires. Mr. Reyes explained that Taos Mesa and Angel Fire Solar Facilities were owned by KCEC and were reflected in the Balance Sheet. Mr. Reyes reported that KCEC had \$1.3 million in margins, versus \$700 thousand last year. Discussion was held on credit card expense and whether credit card fees should be charged to members at the time of payment and if other Cooperatives charge credit card fees. Ms. Vigil asked if a report could be generated to identify the number of KCEC members who use credit cards for bill payment and find out if it is the member's only method of payment or preferred method of payment. Mr. Reyes explained that during a rate case a rate consultant would consider the needs of KCEC members compared to the market, KCEC would also ask for members' recommendations at Consumer Advisory Meetings. Mr. D. Torres asked that KCEC and rate consultants determine the true cost of credit card fees. Mr. Shafto explained that the fees depended upon the type of credit card. Mr. Rodarte asked if a comparison spreadsheet could be generated for the Board's review. Mr. Reyes agreed that a comparison chart would be helpful to raise awareness among members as well. Mr. Dimas added that most companies collect credit card fees, and some companies don't accept credit cards, members could be encouraged to set up automatic bill payments using their bank account information. Mr. Reyes reported that the cost of power and transmission expenses were higher in November and December, including insurance premiums. Travelers Insurance cancelled propane and natural gas policies; therefore, Kit Carson Propane (KCP) had to find another carrier that offered policies for storage tanks. Propane Insurance increased from \$108 thousand last year to about \$180 thousand due to wildfires. Taos Canyon and*

*CEO Report*

*Tres Ritos are high risk areas. Premiums increased and coverage decreased. KCEC pays about \$8.3 million a year in taxes. Mr. Reyes reported that the Broadband agreement with Jemez Mountain Electric Cooperative (JMEC) was executed; In the beginning while JMEC builds their broadband structure JMEC will use KCI's head-end for the Broadband expansion into JMEC territory KCEC and JMEC would help each other by utilizing the same equipment so training only required for one piece of equipment. The agreement would waive pole attachment cost for KCI, \$30.00 per attachment at 4,800 poles, KCI would receive 10% in revenue from JMEC for use of KCI's head-end. Mr. Reyes reported that opening day for the 2024 Legislative Session was scheduled for January 16, 2024, at noon; legislation on pole attachment and condemning property would be introduced, Mr. Reyes was working with other Cooperatives to address any issues that would impact cooperatives. He explained that KCEC was not eligible for capital outlay. KCEC would prepare for legislative events such as Taos County Day. Mr. Reyes reported that the Federal Energy Regulatory Commission (FERC) decided upon an exit fee for United Power to end their contract with Tri-State Generation and Transmission Association, Inc. (Tri-State), between \$400 - \$700 million; Delta-Montrose Electric Association may follow. KCEC's exit fee from Tristate was \$37 million. Mr. Reyes reported that KCEC's Operations department was prepared for the Holidays and reported that there were no major outages. Mr. Reyes stated that all companies were meeting financial targets, staff worked hard to maintain and control costs. Mr. D. Torres reported that the Safety Committee met December 11, 2023, Mrs. Valerio-Mylet attended the meeting on his behalf. There was one reported vehicle accident; a KCP driver was leaving a consumer's home and hit a pile of rocks, scratching the front bumper of the truck. There was one near miss reported; a KCEC crew was retiring a line when the jumper broke off and came in contact with the neutral, causing an open breaker at the substation. Nobody was hurt in either of the incidents, all accidents and near misses must be reported. The Cooperative was 26 days without a lost time accident. The Committee discussed the issue of ice in the parking lots; employee safety training was scheduled for December 12, 2023, regarding slips, trips, and falls. It was moved by Mr. Rodarte, seconded by Mr. Medina, and unanimously approved that the CEO report for November 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 Vice-President reported requests had been received from Estates in the amount of \$5,313.22. It was moved by Mr. Medina, seconded by Mr. Dimas, and unanimously approved that those payments be made to Estates.*

*The Vice-President reported that the NRTC Annual Meeting was scheduled for March 3, 2024, in San Antonio, TX; he appointed Mr. Coyle as Voting Delegate and Mr. Medina as the Alternate.*

*Appoint Voting Delegate for NRTC Annual Meeting*

*The Vice-President reported that NRECA Annual Meeting was also scheduled for March 5, 2024, in San Antonio, TX; he appointed himself as Voting Delegate and Mrs. Valerio-Mylet as the Alternate.*

*Appoint Voting Delegate for NRECA Annual Meeting*

*The Vice-President reported that the National Rural Utilities Cooperative Finance Corporation (CFC) District Meeting was tentatively scheduled for October 22, 2024, in Kansas City, MO; he appointed Mr. Rodarte as Voting Delegate and Mr. Dimas as the Alternate.*

*Appoint Voting Delegate for CFC District Meeting*

*Mr. Reyes stated that KCEC, KCI and KCP staff would provide a presentation of the 2024 Budget for tentative approval. If questions or concerns arise from the presentation, he requested that they be submitted via email to streamline for final approval at a Special Meeting.*

*Review 2024 Budget for Tentative Approval*

*Mr. Shafto presented the Accounting Department Budget. He reported that the Department was fully staffed, and the new Accounting Manager would be introduced at the next Board Meeting.*

*Mrs. Suazo presented the Administration Department Budget. She reported that the Department was fully staffed, would practice safety first, and work toward reducing the number of unanswered calls and customer service excellence. Mrs. Suazo reported there would be a decrease in telephone expenses with the transition to the new telephone system.*

*Mrs. Suazo presented the Billing Department Budget. She reported the department was fully staffed, Mrs. Annette Rael, Customer Service Supervisor, and Ms. Katherine Coca, Collections Supervisor, stated they were working toward enhancing customer service and efficiencies, promoting e-billing, autopay bill payments, and reducing the number of unanswered calls. Discussion was held regarding reconnect fees. Mr. D. Torres asked what the cost was for e-billing. Mrs. Suazo stated she would provide the cost at the special meeting.*

*Mr. Martinez presented the Dispatch Center Budget. He reported the department was fully staffed, and handles calls for KCEC, KCI and KCP 24/7/365. The budget increased by 6% to maintain the facility, which is separate from KCEC headquarters building and in need of a new air conditioning unit. Mr. Reyes explained that the Dispatch Center would work on adopting new assignments and duties when there were no outages. Mr. Rodarte asked if the*

*Dispatch Center could possibly provide services for other entities. Mr. Reyes explained that the Dispatch Center provides services for all KCEC companies, they would maintain focus on potential growth within the company, grid integration and cybersecurity. Mr. D. Torres asked if the Dispatch Center could work towards enhancing response time and response time tracking. Mr. Jassmann reported that members shared their appreciation for the Dispatch Center's follow-up calls during outages.*

*Mr. Martinez presented the Engineering Department Budget. He reported that KCEC had received grant money from the Grid Resilience and Innovation Partnerships (GRIP) Program. The Department had two vacant positions: one Systems Engineer and one Mapping Technician.*

*Ms. Nichols presented the Human Resources Department Budget. She reported that the budget included background checks, required for current and new employees, as recommended by The Hartford, KCEC's Liability Insurer. Ms. Vigil asked what the Department had planned for negative background check results. Ms. Nichols reported that negative results for current employees would be discussed with Management and the employee; background check during the hiring process would ensure that applicants comply with requirements related to the position. Mr. Reyes explained that a valid Driver's License was required for all employees, license suspension or revocation would be an issue.*

*Mr. Trujillo presented the Information Technology Department budget. He reported the IT Department was focused on cybersecurity and budgeted for community workshops to promote cybersecurity and prepare disaster recovery in the event of a cyber-attack. The Department budgeted for a cybersecurity incentive program and three new positions; one grid and operations supervisory control and data acquisition (SCADA), one network security analyst and 1 information technology analyst. The Department also budgeted for an upgraded air conditioning unit, required to keep servers and other technology safe at the Dispatch Center. Mr. Dimas asked if the three vacant positions had been posted. Mr. Reyes explained that once the positions were approved, they would be posted internally, then open to outside applicants.*

*Mr. Martinez presented the Meter Department Budget. He reported the Department was fully staffed and budgeted for new metering equipment. Mr. Rodarte asked if the Department had contract meter readers. Mr. Martinez stated KCEC no longer had contract meter readers.*

*Mr. Martinez presented the Operations Department Budget. He reported Operations would focus on fire mitigation, and budgeted for a new software program that uses satellite technology to help identify areas in need of tree trimming. Also, budgeted for two tree trimmer positions, a new woodchipper, crane and three vehicles. The Department also budgeted for upgrades to substations. Mr. D. Torres asked about the inventory of transformers. Mr. Martinez explained that the Department continued to struggle with a shortage of underground transformers as well as the increase in cost, about \$4 thousand per transformer.*

*Mr. Santistevan presented the Public Relations Department. He reported he would focus on increasing Public Relations communications, enhancing online platforms and continuance of community leadership. Mr. Rodarte asked if the Department required another position to assist Mr. Santistevan. Mr. Santistevan explained that staff and Public Relations Committee members helped with the Department initiatives. He added that the internship program proved to be a great way to receive assistance and input for growth within the community, directly from our future generations.*

*Mr. Mares presented the Safety Department Budget. He thanked staff and department managers for helping to maintain safety as the priority of the Cooperative. The Safety Department would continue to work on raising safety awareness, engaging youth with school presentations, and facilitating training with local contractors regarding down lines and trees on lines. Mr. Duran recommended that the Department include volunteer fire departments and first responders for the safety presentations. Mr. Mares stated safety training regarding chemical and battery fires was held with first responder and fire departments in 2023 at the Taos Mesa Solar Array site. The Department budgeted for Personal Protective Equipment (PPE) and ground maintenance of the headquarters building, including LED lighting, and repairs to the parking lot and roof. Ms. Vigil asked if service and maintenance training of electric vehicles and charging stations was included in the budget. Mr. Mares explained that service of electric vehicles within the fleet would be completed by the dealership since the vehicles would be under warranty.*

*Mr. Martinez presented the Warehouse Department budget. He reported he would continue to ensure that all materials and equipment are within compliance and in stock. The Department budgeted to add one position for a Warehouse Helper and an updated bar-coding system to maintain inventory.*

*Mr. Lovato presented the KCI Budget. He reported that KCI was fully staffed and striving to connect 1,450 new Broadband customers and 400 new Phone customers in 2024. KCI budgeted \$5.5 million from funding awarded by U.S. Department of Agriculture (USDA) ReConnect Program, for engineering, project management and construction of KCI's Broadband expansion project in Abiquiu. KCI budgeted for one new bucket truck and three new service trucks. Mr. Lovato reported that an additional technician and support positions helped with KCI's 24/7 service and reliability goals. Ms. Vigil commended KCI for their success and growth. Mr. B. Torres stated that KCI had the lowest number of accounts in collections, Mr. Lovato explained that KCI's pre-paid business model was a major factor in lower collections. Mr. Reyes reported that the Attorney General's Office inquired about cross-subsidization between KCEC and KCI. He recommended discussion be held in the future to consider whether KCI should be a subsidiary versus a division of KCEC.*

*Mrs. Vigil presented the KCP Budget. She reported that KCP was focused on providing safe and affordable propane to customers and exploring the possibility of opening an office in Ojo Caliente, to expand into the Chama area. KCP budgeted for employee training and an increase in salaries due to internal promotions.*

*Mr. Shafto reported that the Budget for Department 900 included patronage capital.*

*It was moved by Mr. Rodarte, seconded by Ms. Vigil, and unanimously approved that the 2024 Budget be tentatively approved as presented.*

*Mr. Jassmann reported the Payables Committee met on December 11, 2023. Mr. Jassmann recommended approval. It was moved by Mr. Rodarte, seconded by Mr. B. Torres, and unanimously approved that Payables for November be approved as presented.*

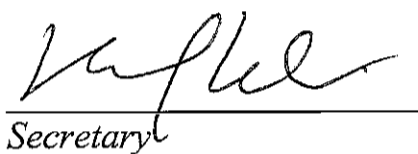
*Mr. Reyes reported that KCEC submitted a letter of interest for USDA's Empowering Rural America (New ERA) program, the government would announce selected applicants in mid-January.*

*The Vice-President recommended that a Special Board Meeting be scheduled for January 19, 2024, at 9:00 a.m. for review of changes and final approval of the 2024 Budget. It was moved by Mr. Dimas, seconded by Mr. Medina, and unanimously approved that a Special Board Meeting be scheduled for January 19, 2024, at 9:00 a.m. for review and final approval of the 2024 Budget.*

Mr. Rodarte asked if the Bylaw and Policy Committee Board member would discuss capital credits. Mr. Reyes stated that concerns retirement of capital credits to estates and a review of Board Member compensation would be the two topics of discussion at the next Bylaw and Policy Committee meeting.


There being no further business to come before the Board, Meeting it was moved by Mr. Medina, seconded by Mr. B Torres, Adjourned and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. be adjourned until January 19, 2024, at 9:00 a.m. the date and time of the Special Board meeting. Unless changed and, thereupon, the Vice-President declared the meeting adjourned at 12:07 p.m. The following Trustees were present at the end of the meeting:

Martin Dimas, Cristobal Duran, Bruce Jassmann, Manuel Medina, Arthur Rodarte, Bernie Torres, David Torres, and Sylvia Vigil



Secretary

Approved this 20 day of ~~Sept~~<sup>Jan</sup> 2024.



Vice-President