

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

January 30, 2024

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, January 30, 2024, 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>Russ Coyle</i> | <i>Present</i> |
| <i>Martin Dimas</i> | |
| <i>Cristobal Duran</i> | |
| <i>Bruce Jassmann</i> | |
| <i>Manuel Medina</i> | |
| <i>Bobby Ortega</i> | |
| <i>Arthur Rodarte</i> | |
| <i>Bernie Torres</i> | |
| <i>David Torres</i> | |
| <i>Luisa Valerio-Mylet</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, 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. It was moved by Mr. Rodarte, seconded by Mr. Dimas, and unanimously approved that the agenda be approved as presented. *Agenda*

The minutes for the Board of Trustees regular Meeting, held December 28, 2023, and special Meeting, held January 19, 2024, were presented. It was moved by Mr. Medina, seconded by Mr. Duran, and unanimously approved that the minutes for December 28, 2023, and January 19, 2024, be approved as presented. *Minutes for December 28, 2023 & January 19, 2024*

Mr. Reyes presented the CEO report for December 2023. He reported \$9.1 million in margins, year to date, versus \$5.9 million last year. *CEO Report*

Mr. B. Torres arrived at approximately 9:12 a.m.

Mr. Reyes reported that the Cost of Power continues to decrease; however, Transmission Expense increased by \$46 thousand, Tri-State Generation and Transmission Association would continue to raise Transmission rates. He reported that Operations and Maintenance Expense had increased due to KCEC's aggressive Maintenance Program to prevent outages. Mr. Reyes reported that fire mitigation efforts would continue beginning April 2024. Mr. Ortega asked what training programs were available to KCEC tree trimmers. Mr. Reyes explained that KCEC tree trimmers were trained in electric safety as well as how to properly use equipment. Mr. Martinez reported that KCEC would create a third full-time tree trimming crew and that all tree trimmers receive hands-on in-house training. Mr. Rodarte asked if KCEC was required to report fire mitigation projects to the State of New Mexico. Mr. Reyes explained that KCEC would submit reports to the Forestry Division of New Mexico Energy, Minerals and Natural Resources Department (EMNRD). KCEC was the only cooperative that was awarded a grant from the state for tree trimming. The grant award was \$125,000. Ms. Vigil asked if KCEC received reimbursement for Calf Canyon/Hermits Peak Fire. Mr. Reyes explained that KCEC was still working on cost reimbursement from the Federal Emergency Management Agency (FEMA) regarding the Calf Canyon/Hermits Peak Fire. Discussion was held on solar generation. The current cost of power including transmission was \$0.058 cents per kWh; KCEC's fixed rate with Guzman Energy would lower this cost to \$0.047 cents for 16 years, beginning in 2025. Mr. Reyes reported that the cost of transformers was \$1,200 during the last rate case, currently the cost is \$6,000 per transformer due to supply chain issues. Mr. Coyle asked if Guzman Energy would provide KCEC with an Annual Report to include business health and reliability, concerning the long-term contract and Guzman's new business with other companies. Mr. Reyes stated that a meeting with Guzman could be scheduled to discuss Guzman's long term purchase commitments and length of contract terms. Mr. Ortega stated while at Marco Island, meeting could include discussion on financial outlook and power portfolio. Mr. Reyes explained that base load generation was important, fossil fuel generation was disallowed, KCEC's focus is on solar and battery storage, as well as the possibility of wind or hydropower generation to meet base load needs. Mr. Reyes reported that KCEC had a great contract with Guzman, aside from the lower cost of power, the contract allowed KCEC to work towards more energy independence goals. Mr. D. Torres reported that the Safety Committee met January 10, 2024. There were no accidents nor near misses for the month of December 2023, the Cooperative was 56 days without a lost time accident. The Committee discussed safety goals for the new year, including increasing the walk around program, more safety training

for employees and more focus on slips, trips, and falls, which are the cause of most lost time accidents. Mr. Ortega recommended that the Safety Department consider radiant heating for the parking lots and sidewalks, especially the sloped sidewalks in the courtyard of the headquarters building. Mr. D. Torres reported that KCEC Staking Agent, Jacob Tafoya, was awarded Safety Employee of the Quarter. KCEC Customer Service Representative, Ariana Archuleta had a flat tire on her way to work one morning, Jacob Tafoya stopped to help her change her tire, Mr. Martinez added that this was not the first report of Jacob Tafoya stopping to help someone in need. Mr. D. Torres recommended that future awards be presented at the monthly Board Meeting. Mr. D. Torres reported someone backed into an employee vehicle, the license plate was not visible with the current camera system. Mr. Reyes stated KCEC would look into high resolution cameras. It was moved by Mr. Rodarte, seconded by Mr. Duran, and unanimously approved that the CEO report for December 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 had been received from Estates in the amount of \$7,534.33. It was moved by Mr. Duran, seconded by Mr. Jassmann, and unanimously approved that those payments be made to Estates.

*Capital Credits
to Estates*

Mr. Jassmann reported the Payables Committee met on January 10, 2024. Mr. Jassmann recommended approval. It was moved by Mr. Rodarte, seconded by Mr. Medina, and unanimously approved that Payables for December be approved as presented.

*Payables
Committee*

The President reported that the Green Hydrogen Committee met on January 11, 2024. Mr. Reyes reported that U.S. Department of Agriculture Rural Utilities Service (RUS) had not selected final applicants for funding of the Village of Questa's Green Hydrogen project. KCEC continues to meet with developers and is working with Los Alamos National Laboratories (LANL) on training for the Board to understand how Green Hydrogen production works and other power supply options. Mr. Reyes reported that a consultant was looking into KCEC's current tax credit structure regarding tax credit financing for the project.

*Green
Hydrogen
Committee*

Mr. Reyes reported that the Broadband Committee met on January 25, 2024. He reported that Kit Carson Internet (KCI) had more than 13,000 subscribers at the end of 2023. Mr. Reyes reported that KCI was the predominant broadband provider in the service territory. He reported that there were cell towers in Espanola, NM requesting Broadband service, KCEC would work with Jemez

*Broadband
Committee*

Mountain Electric Cooperative (JMEC) to continue broadband expansion. Ms. Vigil asked if there was a reconnect fee for Broadband service disconnected for non-payment. Mrs. Suazo reported that a reconnect fee and deposit were required. Mr. Reyes explained that Internet customers were able to make payment arrangements if necessary.

Mr. Rodarte reported the Solar Committee met January 12, 2024. Mr. Reyes reported that Taos Mesa and Angel Fire solar facilities had sold 93 million kilowatt-hours (kWh) year to date, out of 125 million kWhs produced. He explained that 50 million kWhs of wind generated power were purchased by Guzman to cover base load, 60% of power KCEC sold was at nighttime and 40% was sold during the day. KCEC's daytime renewable resources were at 105%. Mr. Reyes reported that the Amalia Power Purchase Agreement (PPA) was pending, KCEC would operate and control the battery, Amalia would maintain the array. Mr. Reyes reported that the transformer at the existing Amalia Array would need to be upgraded before the generation of wind energy, a wind study would determine when wind could be generated in Ventero but if it was at the same time solar was generated it could overload the transformer. Mr. Reyes reported that Public Meetings would be scheduled in El Rito, Penasco and Taos Ski Valley, to gather feedback regarding Microgrids for the GRIP project, which would add more batteries to support electric reliability for members dependent on medical devices and first responders in extreme weather conditions as well as KCEC fire mitigation efforts. Discussion was held regarding load balance, Mr. Ortega recommended that all transformers at solar facilities be evaluated for upgrades to support future growth in renewables. Mr. Reyes reported that he was still looking for grant monies to perform a wind study; however, KCEC's focus was on the Green Hydrogen project and solar projects in Amalia and Taos Pueblo. He added that once operational, Amalia would be the second largest solar facility in the service territory. Mr. Dimas asked about the transmission project in San Luis, CO. Mr. Reyes explained that the Colorado Transmission office was leading a proposed project for a new transmission line from Alamosa, CO to Taos, NM. Mr. Reyes explained that the proposed transmission line would intersect with KCEC's 69 Kv transmission line in Amalia, NM and follow that transmission line into Taos. La Plata Electric Association, Inc., Holy Cross Electric Association, Inc., Tri-State Generation and Transmission Association and KCEC were part of the project's feasibility study. Mr. Medina recommended that KCEC inquire whether Guzman Energy had already performed a wind study for KCEC's service territory. Mr. Rodarte asked how many Electric Vehicle (EV) Charging stations were available in KCEC's service territory. Mr. Martinez reported that KCEC had 42

Solar
Committee

EV Charging ports and would install eight more, level three (fast) charging ports. Mr. Reyes explained that grant money was being used for the designated purpose and that the State was impressed by the progress that KCEC has made. Mr. Shafto added that RUS was impressed with KCEC's expansion into EV charging. Ms. Vigil asked if a discounted rate for EV charging could be offered to KCEC members to influence the purchase and use of EVs. Mr. Reyes reported that EV charging rates were not regulated, the average EV charging rates were currently \$0.50 - \$0.60 cents per Kilowatt hour (kWh). Mr. Ortega asked about KCEC EV charger usage and whether member usage could be determined. Mr. Martinez explained that approximately 31 thousand kWhs were sold in the last 12 months and sales continue to increase. Ms. Vigil stated upgrades to enable charging EVs at home was costly.

The President reported that the Bylaw and Policy Committee met January 18, 2023, recommendations for the Board would be discussed during Executive Session.

Bylaw & Policy Committee

Mrs. Valerio-Mylet reported that the Public Relations Committee met on January 5, 2023. KCEC participated in many Holiday events throughout the service territory and helped with Town of Taos decorations. Mrs. Valerio-Mylet thanked Mr. Medina for his help with decorating using his crane. KCEC facilitated a Toy Drive and Holiday Light and Decoration Contest for members in all five districts. The results of the Contest had not been decided, there was not much participation from members. Mrs. Valerio-Mylet reported that she and Carmella Suazo attended the 2024 Hispano Music Awards on January 13, 2024. Guzman Energy was still working with Mr. Santistevan on the video that would highlight KCEC's history, current events, and future endeavors. The President reminded the Board that Taos County Day at the State Capitol was scheduled for Wednesday, January 31, 2024, from 9:00 a.m. – 2:00 p.m., KCEC would sponsor a dinner for legislators and Taos County officials at 5:30 p.m. in Santa Fe. Mrs. Valerio-Mylet reported that KCEC would also sponsor free Hot Dogs at upcoming basketball games.

Public Relations Committee

Mr. Jassmann reported that the Village of Eagle Nest had hosted an ice fishing tournament on Saturday, January 27, 2024, there were over 750 participants. Mr. Ortega reported that he and Mr. Jasmann attended funeral services for Mr. George Woerndle, businessman, KCEC Consumer Advisory Committee member and long-time councilman for the Town of Red River.

Other Business

The President called for an Executive Session. It was moved by Mr. Duran, seconded by Mr. Jassmann, and unanimously approved that the Board enter Executive Session at 10:36 a.m.

Executive Session

The meeting was reconvened by the order of the President at 11:50 a.m. The President reported that the Bylaw and Policy Committee had recommended that KCEC Trustee compensation include a monthly stipend of \$1,000.00. Current Board meeting fees, committee meetings and compensation for mileage and meals would remain the same, reimbursement of other meetings would have to be approved by Mr. Luis Reyes, Chief Executive Officer or Mr. Bobby Ortega, President. It was moved by Mrs. Valerio Mylet, seconded by Mr. Jassmann, and approved that Trustees receive a monthly stipend of \$1,000.00, in addition to current compensation for Board meetings, committee meetings, mileage and meals; effective February 1, 2024. Discussion was held on the importance of not sharing information discussed during Executive Session. Mr. Coyle stated once a motion is approved, it should be supported by all Trustees. Mr. D. Torres stated the stipend could be optional. Ms. Vigil requested that a Roll Call vote be taken. A Roll Call vote was taken (yes in favor; no against) as follows:

*David Torres - Yes
Arthur Rodarte - Yes
Bruce Jassmann - Yes
Luisa Valerio-Mylet - Yes
Cristobal Duran - Yes
Bobby Ortega - Yes
Manuel Medina - Yes
Martin Dimas - No
Bernie Torres - Yes
Sylvia Vigil - No
Russ Coyle - Yes*

*There being no further business to come before the Board, Meeting
it was moved by Mr. Jassmann, seconded by Mr. Coyle, and Adjourned
unanimously approved, that the Board of Trustees of Kit
Carson Electric Cooperative, Inc. be adjourned until
February 27, 2024, at 9:00 a.m. the date and time of the
Special Board meeting. Unless changed and, thereupon, the
President declared the meeting adjourned at 11:53 p.m.
The following Trustees were present at the end of the
meeting:*

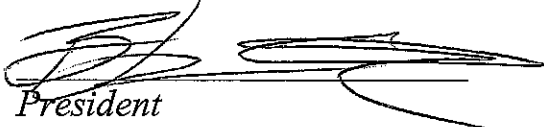
*Russ Coyle, Martin Dimas, Cristobal Duran, Bruce
Jassmann, Manuel Medina, Bobby Ortega, Arthur Rodarte,
Bernie Torres, David Torres, Luisa Valerio-Mylet, and
Sylvia Vigil*

*Kit Carson Electric Cooperative, Inc. Meeting of the Board
of Trustees, January 30, 2024, continued...*



Secretary

Approved this 27th day of Feb. 2024.



President