

*KIT CARSON ELECTRIC COOPERATIVE, INC.*

*MEETING OF THE BOARD OF TRUSTEES*

*August 27, 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, August 27, 2024, at 9:07 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, 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. The President reported that Mr. Bernie Torres was expected to attend the meeting and would arrive shortly.*

*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.* *Prayer*

*The agenda was presented. It was moved by Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved, that the agenda be approved as presented.* *Agenda*

*The minutes for the Board of Trustees regular Meeting, held July 30, 2024, were presented. It was moved by Mr. Medina, seconded by Mr. Duran, and unanimously approved, that the minutes for July 30, 2024, be approved as presented.* *Minutes for July 30, 2024, Regular Meeting*

*Mr. Reyes presented the CEO report for July 2024. He reported \$3.4 million in KCEC margins year to date; he reported that Internet and Propane continue to do well. He also reported that KCEC was investing in maintenance of* *CEO Report*

*the system, load was growing, and revenue was increasing. Discussion was held regarding the transition from fossil fuels to renewable energy and closure of coal plants across the country. PNM is the Balancing Agent for the State of NM. Mr. Reyes explained that a rate that encourages charging would need to be created to encourage EV charging and changes within the industry. He reported that the fuel adjustment may increase due to the cost of batteries, grants for batteries would be available soon and that KCEC would seek funding to add battery storage to support emergency services and members who use medical devices in the event of an outage or wildfire.*

*Mr. B. Torres arrived at approximately 9:15 a.m.*

*Mr. Reyes reported that Maintenance Expense continues to increase due to fire mitigation. He reported that KCEC was working with Mr. Stephen Meyer, Energy Demand Solutions, Inc. to restructure rates. Mr. D. Torres stated Mr. Meyer was a great asset. Mr. Rodarte asked if the State had programs for consumers who use electricity for medical equipment to get a back-up generator in case of an outage. Discussion was held regarding safety concerns surrounding the use of generators. Mr. Reyes stated KCEC was reviewing batteries instead of generators. Batteries would benefit KCEC and consumers with medical equipment, he was discussing funding opportunities for batteries with legislators. Mr. D. Torres stated that gas generators were dangerous, and that solar generators were a better alternative; he also recommended that KCEC campaign to promote electrification and educate consumers that electricity is competitive and not the most expensive source of energy. Mr. Reyes reported that KCEC stabilized rates for the last three years and members have enjoyed savings. He reported that a decrease in margins occurred during months with less usage, but electrification of home appliances, tools, and vehicles was increasing. Mr. Reyes reported that Department of Energy (DOE) negotiations had been completed and the contracts would be finalized in October. There were four vendors interested in KCEC's Microgrid Project and KCEC was working to integrate Artificial Intelligence (AI) to mitigate fire risk and identify areas where maintenance or upgrades were required. Mr. Coyle asked if drones could be used to identify the cause of an outage or expedite restoration of power. Mr. Reyes explained that KCEC requested permission from U.S. Forest Service to use drones to patrol transmission and distribution lines in forested areas, KCEC may need to request permission to use drones in residential areas. Mr. Martinez reported that KCEC Operations would perform substation maintenance during the month of September 2024; maintenance would also help minimize the number of outages. Mr. D. Torres reported that the Safety Committee met August 9, 2024, the Cooperative had*

44 days without a lost time accident. There was one vehicle accident in July; a KCEC meter truck was run off the road by an oversized vehicle, there was minor damage to the vehicle, but it needed to be towed out of the ditch. Mr. Ortega asked if the Safety Committee had participation from all departments within the company. Mr. D. Torres explained that all committee members participated well, he added that the Internet division may need to consider continuous representation; currently, the KCI representative rotates periodically. It was moved by Mr. Duran, seconded by Mrs. Valerio-Mylet, and unanimously approved, that the CEO report for July 2024 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 \$10,544.51. It was moved by Mr. Duran, seconded by Mr. Medina, and unanimously approved, that those payments be made to Estates.

Capital Credits  
to Estates

The President announced that the September Board Meeting was proposed to be scheduled for Monday, September 23, 2024, and the Board Work Session was proposed to be scheduled for Friday, September 20, 2024; due to a scheduling conflict on Tuesday, September 24, 2024. Mr. Dimas reported that he would be on vacation and would not be able to attend the work session or Board meeting in September. Mr. Reyes reported that the Groundbreaking for the Abiquiu Broadband Project would be scheduled for September 26 or 27, 2024. It was moved by Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved, that the September Board Meeting be scheduled for Monday, September 23, 2024, and the Board Work Session be scheduled for Friday, September 20, 2024.

September  
2024 Board  
Meeting Date

The President presented Resolution No. 3-8-24. Mr. Reyes reported that the resolution would accept the Audit Report for the year ending December 31, 2023, as prepared by Eide Bailly, Certified Public Accountants, in the form presented. Mr. Shafto explained that the Audit Report for 2023 was delayed due to a second partner review. Mr. B. Torres asked if the Charge-offs amount, reflected in Allowance for Credit Losses, consisted of member bills that were not paid. Mr. Reyes reported the amount reflected balances for inactive accounts. Mr. Medina asked if a list of unpaid accounts could be provided to Trustees. Discussion was held regarding deposits for seasonal accounts, Mr. Reyes explained that KCEC follows NM Public Regulation Commission (PRC) rules regarding deposits. Mr. Ortega stated that it was healthy to rotate auditors. Mr. Reyes recommended a Finance/Audit Committee meeting be scheduled to discuss the process for

Review &  
Approve Final  
2023 Audit –  
Adopt  
Resolution No.  
3-8-24

*request for bids for an auditing firm, audit preparation, pre-audit meeting and exit meeting to discuss findings. Mr. Reyes recommended that the Finance/Audit Committee meet in October 2024, to have sufficient time to make recommendations in November 2024. Discussion was held regarding the Audit and KCEC's complexity; Mr. Shafto would provide a list of auditing firms. It was moved by Mr. Duran, seconded by Mr. Jassmann, and unanimously approved, that Resolution No. 3-8-24, audit acceptance for 2023 be approved as presented.*

*Mr. Jassmann reported the Payables Committee met on August 9, 2024. Mr. Jassmann recommended approval. It was moved by Mr. Medina, seconded by Mrs. Valerio-Mylet, and unanimously approved that Payables for July 2024 be approved as presented.*

*Payables  
Committee*

*Mr. Reyes reported that the Green Hydrogen Committee met on August 16, 2024. He reported that KCEC was waiting to hear from the U.S. Department of Agriculture's Rural Utilities Service (RUS) regarding the grant application submitted to RUS in September 2023. He reported that KCEC was in contact with CoBank and other investors but would not move forward with any other agreements while KCEC's application was still under review. He stated tax counsel was obtained to determine if tax credits could buy down the project cost. He reported that KCEC was in contact with Chevron regarding the property and water required for the Green Hydrogen project. Mr. Reyes reported that NM State University (NMSU), the National Renewable Energy Laboratory (NREL) and Los Alamos National Laboratory (LANL) provided research for the Green Hydrogen project and that the State had an interest in hydrogen as a fuel source. He reported that KCEC would continue to ensure that the production and storage of hydrogen was safe and reliable, KCEC applied for \$500,000 Congressional Direct Spending Fund for additional research. Mr. Coyle asked if the estimated cost of the project without grants was available and if this information could be shared with the Board. Mr. Medina asked if a change in Administration would change USDA's decision. Mr. Reyes explained that KCEC was focusing on tax credits KCEC may be eligible for; 30 out of 162 applications were approved, they were all renewable energy project applications and a change in Administration could change the direction of project funding.*

*Green  
Hydrogen  
Committee*

*Mr. Reyes reported that the Broadband Committee met on August 21, 2024. Kit Carson Internet (KCI) had 13,900 subscribers. Mr. Reyes reported that KCI would focus on maintenance, which could delay new construction but would help prevent outages. He reported that KCI has helped KCEC stabilize electric rates and continues to do*

*Broadband  
Committee*

well. Mr. Ortega asked if CenturyLink was discontinuing service in certain areas, residents in District 2 reported that CenturyLink would discontinue service in their area, and they needed to find another provider. Mr. Reyes reported that KCI was the largest internet provider in Taos County. Mr. Martinez reported that CenturyLink was using contractors to complete repairs and maintenance, there were only two or three CenturyLink technicians locally. Mr. Coyle asked how many KCEC members were also KCI customers and how many customers would be served in the Abiquiu area. Mr. Reyes reported that approximately 60% of KCEC members were KCI customers, KCI would continue to market internet and telephone services to businesses; there was opportunity for 4,800 internet customers in the Jemez area and 3,000 internet customers in Abiquiu. Mr. D. Torres stated KCEC should continue to promote battery storage to help continuity of services in the event of an outage.

Mr. Rodarte reported the Solar Committee met August 15, 2024. He reported that the Amalia II Solar Project would generate up to 8.75 MW of power with 8.75 MW of battery storage and was pending permit approval from Taos County Planning and Zoning. Mr. Reyes reported that the cost of power would be 4.8 cents, fixed for 25 years. Mr. Reyes reported that once approved, a job fair would be held to hire locals to help with construction and that batteries would be ordered. Mr. Rodarte reported that the Committee discussed usage of some of KCEC's EV Charging stations throughout the service territory, he asked if a report could be generated to show usage of all KCEC EV charging stations. Mr. Reyes stated he and Mr. Martinez would work on a monthly report on all KCEC EV Charging Stations' usage. Mr. D. Torres asked when the solar generation and usage widget for members would be available on the website. Mr. Martinez reported that KCEC was working with CAMUS on this widget, and he would meet with them again next week to get an update. Mr. Reyes stated that ensuring cybersecurity would cause a delay also.

Solar  
Committee

Mr. D. Torres reported that the Bylaw & Policy Committee did not meet in August 2024.

Bylaw & Policy  
Committee

Mrs. Valerio-Mylet reported that the Public Relations Committee did not meet in August 2024. She reported that KCEC participated in the 2024 Taos County Fair Auction and Rio Arriba County Fair Auction and El Rito Parade. KCEC was also helping with the Shared Table food distribution program and school supply drives throughout the service territory.

Public  
Relations  
Committee

Mr. Duran reported that the Bid Committee met August 26, 2024. The Committee reviewed bids for the milling and paving of half of the front parking lot of the Headquarters

Bid Committee

*Building. The Committee recommended that KCEC proceed with the lowest bidder, A & S Construction, in the amount of \$94,530.95, and that an updated bid be requested to include the entire front parking lot. Mr. Reyes recommended approval of the Bid Committee's authority to review and approve addendum if within the budget, the Bid Committee would also notify the full Board of the final decision. Mr. D. Torres recommended that the Bid Committee consider requesting bids for repair of the roof. Mr. Reyes reported that roof repair of the headquarters building would be reviewed in September 2024 and bids would be obtained to pave all other parking lots of the headquarters building later. Mr. Medina recommended that the depth of asphalt in the back parking lots, where larger trucks and equipment are used, should be no less than three inches. It was moved by Mr. Dimas, seconded by Ms. Vigil, and unanimously approved, that the low bid from A & S Construction in the amount of \$94,530.95 be approved, and that an updated bid be requested from A & S Construction, to include the entire front parking lot, and that the Bid Committee was authorized by the Board to accept the updated bid if the amount was within budget.*

*Mr. Duran reported that the Committee also reviewed bids for fencing and a gate at the Ranchos Yard. The Committee recommended that KCEC proceed with the lowest bidder, All Around Fence Co., in the amount of \$9,780.75. Ms. Vigil asked about the difference in area for fencing and difference in size of gates specified in one of the bids. Mr. Martinez explained that one of the contractors would not bid for KCEC's specific request for a sliding gate, so the bid was modified and resulted in a larger fencing area and a different size of gate. Mr. Rodarte recommended that KCEC accept the bid that included KCEC's specific requests. It was moved by Mr. Rodarte, seconded by Mrs. Valerio-Mylet, and unanimously approved, that KCEC accept the lowest bid from All Around Fence Co., in the amount of \$9,780.75 for fencing and a gate at the Ranchos Yard.*

*Mr. Rodarte asked if KCEC was aware of new cell towers in Rio Arriba County. Mr. Reyes reported that he would check with Jose Lovato about proposed cell towers in Rio Arriba County. Mr. D. Torres reported that he attended the 2024 County Fair Auction on behalf of KCEC, the animals purchased were sent for processing and would need to be picked up.*

*Board Member  
Concerns*

*There being no further business to come before the Board, it was moved by Mr. Duran, seconded by Mr. Medina, and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. be adjourned until September 23, 2024, at 9:00 a.m. the date and time of the next Board meeting. Unless changed and, thereupon, the*

*Meeting  
Adjourned*

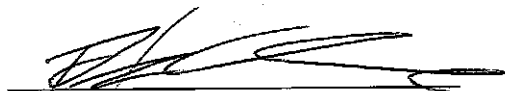
*President declared the meeting adjourned at 10:48 a.m.  
The following Trustees were present at the end of the  
meeting:*

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



*Secretary*

*Approved this 23<sup>rd</sup> day of Sept. 2024.*



*President*