

*KIT CARSON ELECTRIC COOPERATIVE, INC.*

*MEETING OF THE BOARD OF TRUSTEES*

*September 23, 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 Monday, September 23, 2024, 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:*

|                            |                |
|----------------------------|----------------|
| <i>Russ Coyle</i>          | <i>Present</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>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.*

*It was declared a quorum was present.* *Quorum*

*Mr. Rodarte 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. Medina, and unanimously approved, that the agenda be approved as presented.* *Agenda*

*The minutes for the Board of Trustees regular Meeting, held August 27, 2024, were presented. It was moved by Mr. Jassmann, seconded by Mr. B. Torres, and unanimously approved, that the minutes for August 27, 2024, be approved as presented.* *Minutes for August 27, 2024, Regular Meeting*

*Mr. Reyes presented the CEO report for August 2024. He reported \$3.6 million in KCEC margins year to date. He reported Operation and Maintenance Expense was higher, KCEC was investing in maintenance of the system and would continue with fire mitigation efforts. He reported Depreciation and Amortization Expenses were \$400,000 higher than last year due to depreciation of KCEC solar facilities. KCEC was considering charging credit card fees,* *CEO Report*

*creating an EV rate and completing a Cost of Service Study. Discussion was held regarding cost increase of goods, vehicles and building materials. Mr. Reyes reported that KCEC customer charge was the second lowest in the State and that KCEC had two rate changes in the last 32 years. He stated that KCEC would continue to assist low-income members and prioritize financial stability to maintain the system without a large rate increase; he reported \$20 million in savings for KCEC members since July 2022. Mr. Reyes reported that KCEC distribution rate was 4.74 cents; transmission expense was 3.09 cents, 1.41 cents for Public Utility Service of NM (PNM) and 1.68 cents for Tri-State Generation & Transmission Association (Tri-State). Mr. Reyes explained that KCEC's Green Chile 115-kV Transmission Project would support KCEC's renewable goals, however, the Right-of-Way by the Bureau of Land Management (BLM) was still pending. Discussion was held on insurance coverage. Mr. Reyes stated that KCEC had expanded its coverage to include cybersecurity. Mr. Shafto reported that the cost of insurance had increased by 20 - 30% in the last two years due to "fire zones" or forested areas. Mr. Reyes reviewed the balance sheet, he reported total Utility Plant was \$173,907,250, not including grants. Mr. Coyle asked what percentage of Accounts Receivable amount was past due. Mr. Reyes explained that the Delinquent Report did not reflect the percentage, he reviewed the Key Performance Area Report for August. Mr. Reyes stated the Broadband financials were sent to the Board via email, as well as the Green Hydrogen presentation he intends to present at the Los Alamos Board of Public Utilities Work Session in October. Mr. Medina asked why line loss was so high, Mr. B. Torres asked if line loss was higher in the winter or summer. Mr. Reyes stated line loss increased in the winter; line loss percentage was 4.7% year to date. Mr. Reyes reported that 15 NM Cooperatives submitted a joint petition to NM Public Regulation Commission (NMPRC) requesting an extension of the variances, granted by the NMPRC in November 2023, from certain provisions of Rule 17.9.568 NMAC; regarding interconnection process and standards for customer owned solar generating facilities as large as 10MW. Mrs. Valerio-Mylet reported that the Safety Committee met September 10, 2024, the Cooperative had 74 days without a lost time accident. There was one near miss accident when KCEC door greeter found a foil packet outside the front walkway, opened it up and noticed that it was some sort of narcotic, brought it into the building and showed it to a co-worker before throwing it in the lobby trash can. The co-worker reported the incident to the Safety Coordinator, who disposed of the lobby trash and foil packets found outside the walkway properly. Mr. Martinez explained that this was determined as a near miss because the greeter should have notified the Safety Coordinator to dispose of the packet properly and should not have picked*

*it up or brought it into the building. Mrs. Valerio-Mylet reported that the Safety Committee discussed a Fleet Safety Program. Mr. Reyes stated that a policy would determine driver eligibility, considering the minimum requirements and driving record review. The Committee also discussed an upcoming Defensive Driving Course for outside employees provided by KCEC's insurance provider; a Defensive Driving Course would be scheduled for office employees later. Ms. Vigil asked if completion of the course would help KCEC's insurance cost or coverage and recommended that employees be encouraged to report completion of the course to their private insurance as there may be discounts. It was moved by Mr. Duran, seconded by Mr. Medina, and unanimously approved, that the CEO report for August 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 \$9,213.75. It was moved by Mr. Rodarte, 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 September 10, 2024. Mr. Jassmann recommended approval. It was moved by Mr. Rodarte, seconded by Mr. Duran, and unanimously approved that Payables for August 2024 be approved as presented.*

*Payables  
Committee*

*Mr. Reyes stepped out of the meeting at approximately 10:15 a.m.*

*Mr. Rodarte reported the Solar Committee met September 6, 2024. He reported that the Amalia II Solar Project was still pending Special Use Permit approval from Taos County Planning Department, Mr. Martinez reported that KCEC was scheduled to meet with Taos County Planning Department the next day to discuss what else was required for the permit application.*

*Solar  
Committee*

*Mr. Reyes returned to the meeting at approximately 10:16 a.m.*

*Mr. Rodarte reported that the Committee discussed vandalism of KCEC EV charging stations. Mr. Martinez explained that vandals had cut the end of the charger cables at two locations and cut the cable at another location, the cables had been replaced but were cut again at one location; this vandalism was reported to the Taos Police Department. Mr. Rodarte asked if KCEC had considered placing cameras at these locations. Mr. Martinez stated KCEC was considering installing cameras and additional lighting at EV charging stations to help prevent vandalism. Discussion was held regarding vandalism and copper*

thieves throughout the County. Mr. Reyes reported that the State was very supportive of EV charging installation. Mr. Rodarte reported that the Committee discussed KCEC meeting with member owners of the Taos Charter School Solar Array to inform them of the estimated cost of repairs needed; approximately \$116,000. Mr. Reyes reported that KCEC does not own the Taos Charter School Array but was gathering this information to inform the member owners, who would need to decide whether to proceed with necessary repairs; KCEC would also help with the assessment to determine whether the array was in good condition for repair. Mr. Rodarte reported that the Committee also discussed NMPRC Public Hearing regarding net metering, scheduled for November 2024.

Mr. Reyes reported that the Green Hydrogen Committee met on September 11, 2024. He reported that KCEC was still waiting to hear from the U.S. Department of Agriculture's Rural Utilities Service (RUS) regarding the grant letter of interest submitted to RUS in September 2023; if awarded, KCEC would apply for tax credits. Mr. Reyes reported that he was invited to give a presentation of the Green Hydrogen project at a Los Alamos Board of Public Utilities meeting in October, and that he would speak on a panel discussion regarding hydrogen production and how it could support KCEC's renewable energy goals at the Building an Advanced Energy Ecosystem in New Mexico conference that week. KCEC also applied for \$500,000 Congressional Direct Spending Fund for additional safety research.

Green  
Hydrogen  
Committee

Mr. Reyes reported that the Broadband Committee met on September 19, 2024. Kit Carson Internet (KCI) had 14,000 subscribers. Mr. Reyes reported that KCI would focus on maintenance to help prevent outages and marketing in Penasco, Questa and Angel Fire. He reported that KCEC and JMEC were finalizing engineering for the Abiquiu broadband expansion project, The NM Office of Broadband Access and Expansion (OBAE) would pay the State's portion first then the match funding. Mr. Coyle asked if there was a project deadline. Mr. Reyes explained that JMEC would need to request a grant deadline date change with the NM Legislature if necessary.

Broadband  
Committee

Mrs. Valerio-Mylet reported that the Public Relations Committee met September 5, 2024. She reported that the Abiquiu Broadband Groundbreaking Ceremony was postponed from September to October, and that KCEC was participating in Flex Fridays at Taos High School. Mr. Santistevan explained that KCEC's Information Technology team was teaching students how to build computers and the importance of cybersecurity; the program had positive feedback and other schools were interested. Ms. Vigil stated that Penasco Schools had also

Public  
Relations  
Committee

*expressed interest in the program. Mr. Santistevan reported that the program would seek funding for the parts to build computers. Mrs. Valerio-Mylet stated she would attempt to schedule a meeting with Dr. Antonio Layton Jr., Superintendent of Taos Municipal Schools. Mr. Ortega asked if KCEC was scheduled at the State Legislature for next year's legislative session, and whether KCEC would have another Holiday Decoration Contest for members. Mr. Reyes stated he would check with KCEC Lobbyist Robert Romero regarding scheduling for 2025 Legislative Session. Mrs. Valerio-Mylet stated the Committee would consider a Holiday Decoration Contest this year.*

*Mr. Reyes reported that the Bylaw & Policy Committee met September 4, 2024, the Committee reviewed Policy No. 3.23 Use of Recreational Marijuana. The Committee discussed whether KCEC, its Division and subsidiaries should continue to adhere to zero tolerance for the use of recreational cannabis for all employees or safety sensitive positions only. Mr. Ortega stated that the consensus of the Committee was that all KCEC, KCI and Kit Carson Propane (KCP) employees adhere to zero tolerance for the use of recreational cannabis. Ms. Vigil asked how the use of recreational cannabis could be compared to the use of alcohol in KCEC's current policies, with legalization of recreational cannabis in New Mexico. Mr. Reyes explained that cannabis was illegal at the federal level, classified as a Schedule I drug under the Controlled Substances Act (CSA). It was moved by Ms. Vigil, seconded by Mr. B. Torres, and unanimously approved, that all KCEC, KCI and KCP employees adhere to zero tolerance for the use of recreational cannabis.*

*Bylaw & Policy  
Committee*

*Mr. Duran reported that the Bid Committee met September 20, 2024. The Committee reviewed bids for an electric pressure digger and a crane for KCEC. The Committee recommended that KCEC proceed with the 4-year lease of a digger in the amount of \$475,000 and a 5-year lease of a new 30-ton crane with warranty in the amount of \$365,000. The Committee also reviewed bids for a bucket truck, pickup truck and trailer for KCI. The Committee recommended that KCI proceed with a 4-year lease of a bucket truck in the amount of \$154,864, a 5-year lease of a mid-size pickup truck in the amount of \$38,205, and the purchase of a trailer in the amount of \$5,800. Mr. Martinez explained that leases for the bucket truck and pickup truck were considered to avoid potential mechanical issues, the digger and crane would be delivered within 2-3 weeks. It was moved by Mr. Rodarte, seconded by Mrs. Valerio-Mylet, and unanimously approved, that KCEC proceed with the 4-year lease of an electric pressure digger in the amount of \$475,000 and a 5-year lease of a crane in the amount of \$365,000; and that KCI proceed with a 4-year lease of a bucket truck in the amount of \$154,864, a 5-year*

*Bid Committee*

lease of a mid-size pickup truck in the amount of \$38,205 and the purchase of a trailer in the amount of \$5,800.

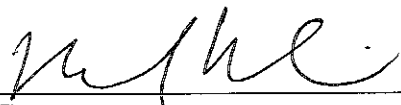
Mr. Rodarte referred to the tentative agenda for the Water and Natural Resources Interim Committee Meeting scheduled for September 26 and 27, 2024; he asked how solar development could impact wildlife. Mr. Reyes explained that wildlife conservationists were concerned with batteries and whether solar arrays could alter wildlife habitats or restrict movement due to fencing and new roads. Mr. Rodarte asked if Consumer Advisory meetings would be scheduled. Mr. Reyes reported that he would look at October's schedule to schedule consumer advisory meetings. Mrs. Valerio-Mylet asked if KCEC had determined the location of the Abiquiu Broadband Groundbreaking Ceremony. Mr. Santistevan reported that the location of the Groundbreaking Ceremony was not confirmed at that time. Mrs. Valerio-Mylet asked if there would be a Halloween Costume and Decorating Contest for KCEC, KCI and KCP employees; last year the Board participated as the contest judges and enjoyed the interaction with employees and staff

Board Member  
Concerns

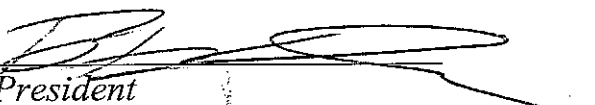
There being no further business to come before the Board, it was moved by Mr. Jassmann, seconded by Mr. B. Torres, and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. be adjourned until October 29, 2024, at 9:00 a.m. the date and time of the next Board meeting. Unless changed and, thereupon, the President declared the meeting adjourned at 11:01 a.m. The following Trustees were present at the end of the meeting:

Meeting  
Adjourned

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

  
Secretary

Approved this 20<sup>TH</sup> day of OCT. 2024.

  
President