

*KIT CARSON ELECTRIC COOPERATIVE, INC.*

*MEETING OF THE BOARD OF TRUSTEES*

*October 28, 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, October 28, 2024, at 9:12 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>Martin Dimas</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.*

*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. Mr. Ortega requested that the Executive Session be changed to item 9 on the agenda, following the CEO Report. It was moved by Mr. Rodarte, seconded by Mr. Medina, and unanimously approved that the agenda be approved as amended.* *Agenda*

*The minutes for the Board of Trustees regular Meeting, held September 23, 2024, were presented. It was moved by Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved, that the minutes for September 23, 2024, be approved as presented.* *Minutes for September 23, 2024, Regular Meeting*

*Mr. Reyes presented the CEO report for September 2024. He reported \$3.6 million in margins year to date, electric had negative \$957,000 operating margins year to date, due to variances in transmission expense. Mr. Reyes reported* *CEO Report*

that both Public Utility Service of NM (PNM) and Tri-State Generation & Transmission Association (Tri-State) had formulary rates for transmission. He reported that insurance coverage continues to be a concern, and that KCEC was considering charging credit card fees. He reported that Broadband continues to do well and had \$4.5 million in margins this year. He reported that there were no fires that impacted KCEC, KCEC would continue mitigation efforts and install additional fuses and cut outs on the system to help isolate outages. Mr. Reyes reported that KCEC would submit the final application for the Empowering Rural America (New ERA) Program on November 22, 2024, and that union negotiations were scheduled. Mr. Rodarte asked if the fuel adjustment on member bills helped revenue. Mr. Reyes explained that the fuel adjustment recovered fluctuations in the cost of power that are not currently collected in KCEC's base rate and helped offset battery cost with solar expansion. He added that batteries were necessary to provide capacity and would help increase resiliency. Mr. Reyes reported that KCEC had considered installing batteries on member homes that require power for medical devices or those that work from home and that KCEC received \$80,000 from the Livability, Opportunity, and Responsibility (LOR) Foundation to fund a Pilot Program which would identify the need for batteries within the system. Mr. Reyes reported that rate cases could be costly but were necessary to support changes within the industry, KCEC only received 50% of the rate proposed for the last rate case. He reported that the NM Public Regulations Commission (PRC) appointments would be made by the Governor in December 2024 and seated by January 1, 2025. KCEC would determine whether a change in price per kWh or customer charge would be best. Mr. Reyes reported that Kit Carson Propane (KCP) had less sales due to warm weather in September 2024. Ms. Vigil asked if KCEC or Jemez Mountain Electric Cooperative (JMEC) would determine rates for broadband in Abiquiu and other parts of JMEC territory, and when residents would be able to request service. Mr. Reyes stated that the KCEC Board would determine the rates and that the broadband expansion project was expected to begin in May 2025, service poles would need to be upgraded where pole attachments were required. Ms. Vigil asked if the Board would select the contractor. Mr. Reyes explained that per the contract, KCEC Board would select the contractors for this project. Mr. Coyle asked about the funding deadline for the broadband expansion project. Mr. Reyes reported that funding deadline for Abiquiu project was six years out, funding deadline for JMEC's Alcalde project was December 2025; Mr. Joseph Sanchez, Chief Executive Officer, JMEC, was carrying legislation to extend the deadline to December 2026. Mr. Rodarte thanked KCEC and Kit Carson Internet (KCI) staff for the Abiquiu Broadband Expansion Ceremony, he stated that residents

*displayed acceptance of the project. Mr. Dennis Trujillo, President of the Board of Trustees of JMEC was also present and spoke at the event. Mr. Ortega stated it was great to have Mr. Andrew Berke, U.S. Department of Agriculture's Rural Utilities Service (RUS) Administrator, speak at the ceremony also, he has been very supportive of the project. Mr. Jassmann added that presentations of support from Senator Martin Heinrich and Congresswoman Teresa Ledger-Fernandez at the event were encouraging. Mr. Reyes reported that a major outage had occurred in Red River over the weekend, due to snow; KCEC crews and staff worked diligently to restore power. Mr. Reyes reported that KCEC was working on technical aspects of Green Hydrogen, requesting \$50 million from the State of NM Governor's Office and meeting with NM Economic Development Department, Legislators and other Administrators in support of the project. He added that changes or cancellation of KCEC committee meetings may occur to accommodate these meetings. Mr. Reyes reported that he was scheduled to make a presentation at the NM Legislature's Water and Natural Resources Interim Committee meeting in Ruidoso that week, regarding KCEC's Green Hydrogen Project. He also reported that the KCEC Consumer Advisory Committee meetings were held and that KCEC staff would begin working on the 2026 Budget. Mr. Coyle asked what the rate of return would be for the Green Hydrogen Project. Mr. Reyes stated the rate of return could be between 5% - 5.5%, and that grants made a difference. Mr. D. Torres reported that the Safety Committee met October 10, 2024, there was no representation from KCI. The Cooperative had 13 days without a lost time accident. He reported that there was one vehicle accident, when a lumber truck backed up into a KCEC meter reader truck while it was parked, causing damage to the front light and fender. He reported that there were two near miss accidents and one lost time accident in the month of September; a branch hit the driver side window of a propane truck while driving and struck the driver in the eye, the driver received medical attention and is on workman's compensation until the doctor releases him. Mr. D. Torres reported that the National Rural Electric Cooperative Association's (NRECA) Rural Electric Safety Achievement Program (RESAP) would conduct an inspection at KCEC in November 2024. Mr. Rodarte asked when the last fire drill was conducted at the Headquarters building. Mr. Reyes explained that drills are unannounced and that there had not been a drill this year. Mr. Duran asked about the near miss accident involving a flashover. Mr. Martinez reported that a Contractor cut an underground line in Red River, the KCEC lineman who responded unplugged elbows, tested and grounded to determine which line was cut and should be de-energized for repair, but when the lineman was in the trench to splice the line and cut into it, the line arced and flashed over. Mr.*

*Martinez added that there were no injuries, the lineman wore proper protective equipment and followed proper protocols. The internal investigation determined that linemen should have disconnected all phases when work was performed, which was discussed with employees; the Contractor was reported to NM 811 and NMPRC for not following NM 811 line locate guidelines. Discussion was held regarding damaged underground facilities that KCEC and KCI have incurred this year in Red River, NM. Mr. Reyes stated that preventing damage to underground facilities as well as enforcing excavation safety was a great responsibility and should not be taken lightly, he added that a near miss accident was a learning tool. It was moved by Mr. Duran, seconded by Mr. B. Torres, and unanimously approved, that the CEO report for September 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.*

*Mr. Medina left the meeting at approximately 10:02 a.m.*

*The President called for an Executive Session to discuss the CEO's appraisal and compensation. It was moved by Mr. B. Torres, seconded by Mr. Rodarte, and unanimously approved, that the Board enter Executive Session at 10:04 a.m.*

*Executive  
Session*

*Mr. D. Torres left the meeting at approximately 10:16 a.m.*

*Mr. B. Torres left the meeting at approximately 10:23 a.m.*

*The meeting was reconvened by the order of the President at 10:27 a.m., no action was taken. The President announced that a Special Board Meeting would be scheduled for November 15, 2024, at 12:00 noon, to finish discussion regarding the CEO's appraisal and compensation in Executive Session, when the full Board was expected to be present.*

*The President reported requests had been received from Estates in the amount of \$6,530.33. It was moved by Mr. Rodarte, seconded by Ms. Vigil, and unanimously approved, that those payments be made to Estates.*

*Capital Credits  
to Estates*

*The President presented Resolution No. 04-10-24 Assign Representative-Signature-Certify security role for the U.S. Department of Agriculture's Rural Utilities Service (RUS) application for funding under the Inflation Reduction Act and compliance with the Instructions for the Inflation Reduction Act Intake System. The Resolution proclaims that Mr. Reyes be assigned the Representative-Signature-Certify security role. Mr. Reyes explained that this Resolution was required to proceed with the final application for the Empowering Rural America (New ERA)*

*Adopt  
Resolution No.  
4-10-24*

*Program for the Green Hydrogen Project. Ms. Vigil asked what information was required for final approval. Mr. Reyes explained that the final application would need to highlight that using solar power to make hydrogen would lower greenhouse gas emissions and prove that green hydrogen was commercially available and could be used to generate electricity. Discussion was held. It was moved by Mr. Rodarte, seconded by Mr. Dimas, and unanimously approved that Resolution No. 04-10-24 be approved as presented. A copy of Resolution No. 04-10-24 was included in the Transfer of Documents and is hereby made a part of the minutes of this meeting. The President requested that a roll call vote be taken. A Roll Call vote taken by Carmella Suazo, Assistant Manager (yes in favor, no against) was taken as follows:*

*Mr. D. Torres – not present*

*Mr. Rodarte – Yes*

*Mr. Jassmann – Yes*

*Mrs. Valerio-Mylet – Yes*

*Mr. Duran – Yes*

*Mr. Ortega – Yes*

*Mr. Medina – not present*

*Mr. Dimas – Yes*

*Mr. B. Torres – not present*

*Ms. Vigil – Yes*

*Mr. Coyle – Yes*

*Mr. Jassmann reported the Payables Committee met on October 11, 2024. Mr. Jassmann recommended approval. It was moved by Mr. Duran, seconded by Mrs. Valerio-Mylet, and unanimously approved that Payables for September 2024 be approved as presented.*

*Payables  
Committee*

*The President reported that Green Hydrogen updates had been discussed earlier in the meeting. Mr. Reyes reported that the Green Hydrogen Committee met on October 1, 2024, and October 9, 2024. He reported that KCEC was working on the final application for the New ERA grant and gathering technical and legislative support for the project. He asked the Board to assist with gathering letters of support within their district, he added that the project would improve economic development.*

*Green  
Hydrogen  
Committee*

*Mr. Reyes reported that the Broadband Committee met on October 19, 2024. KCI had 14,100 subscribers and over \$500,000 in margins each month. He reported a growth in business subscribers and new developments throughout the KCEC service territory. Mr. Coyle reported that the Village of Angel Fire had purchased property to build affordable housing, and that there may be electrical needs at the Angel Fire airport. Mr. Reyes explained that KCEC could prepare for electrical needs as soon as the municipality or developer provides a site plan. Mr. Reyes reported that*

*Broadband  
Committee*

*there may be a planned system wide internet outage in November to complete server upgrades, he added that these upgrades would be scheduled after midnight, or the most convenient time for subscribers.*

*Mr. Rodarte reported the Solar Committee met October 10, 2024. He reported that the Amalia II Solar Project was still pending Special Use Permit approval from Taos County Planning Department, a hearing had not been scheduled at that time. Mr. Rodarte reported that the Committee discussed an EV charging rate. Mr. Reyes stated a draft EV charging rate should be finalized by the end of the week.*

*Solar  
Committee*

*The President reported that the Bylaw & Policy Committee did not meet in October 2024.*

*Bylaw & Policy  
Committee*

*Mrs. Valerio-Mylet reported that the Public Relations Committee met October 7, 2024. The Committee worked on the Abiquiu Broadband Groundbreaking Ceremony, which was held October 24, 2024, at the Abiquiu Inn; Mrs. Valerio-Mylet thanked KCEC Staff and the Committee for their work, the event was a great success. She reported that KCEC would participate in the Halloween Event at Taos Plaza and that there would be a Halloween costume and decorating contest for KCEC, KCI and KCP employees, she invited Trustees to participate as judges for the contest. Mrs. Valerio-Mylet reported that KCEC would have another Holiday Light and Decoration contest this year for KCEC members in all districts. Mr. Coyle reported that members in Angel Fire were already decorating for the Holidays, he recommended that KCEC notify members of the contest as soon as possible. Mr. Ortega asked if the Committee was working toward a KCEC sponsored dinner for the legislative session. Mrs. Valerio-Mylet explained that Taos Day was scheduled for March 2025, the Committee discussed scheduling a dinner for the first or second week of February 2025.*

*Public  
Relations  
Committee*

*Mr. Duran reported that the Bid Committee did not meet in October 2024.*

*Bid Committee*

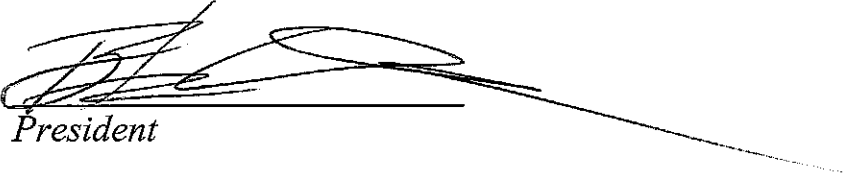
*There being no further business to come before the Board, it was moved by Mr. Jassmann, seconded by Mr. Rodarte, and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. be adjourned until November 15, 2024, at 12:00 p.m. the date and time of the next Board meeting. Unless changed and, thereupon, the President declared the meeting adjourned at 10:54 a.m. The following Trustees were present at the end of the meeting:*

*Meeting  
Adjourned*

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

  
Secretary

Approved this 20<sup>th</sup> day of NOV. 2024.

  
President