

*KIT CARSON ELECTRIC COOPERATIVE, INC.*

*MEETING OF THE BOARD OF TRUSTEES*

*May 27, 2025*

*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, May 27, 2025, 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, Cletus Stoflet, Chief Financial Officer, Richard Martinez, Chief Operations Officer, Michael Santistevan, Public Relations Coordinator, and Brianna Trujillo, Executive Secretary who recorded the day's proceedings.*

<i>It was declared a quorum was present.</i>	<i>Quorum</i>
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<i>Ms. Vigil led the Board in reciting the Pledge of Allegiance.</i>	<i>Pledge of Allegiance</i>
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<i>Mrs. Valerio-Mylet led the Board in a word of Prayer.</i>	<i>Prayer</i>
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<i>The agenda was presented. The President reported that Ms. Sonya Struck, Director for LOR Foundation, was present and recommended that she be added to the agenda following item 7, Approval of Minutes. It was moved by Mr. Jassmann, seconded by Mr. Coyle, and unanimously approved that the agenda be approved as amended.</i>	<i>Agenda</i>
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<i>The minutes for the Board of Trustees regular Meeting, held April 28, 2025, were presented. It was moved by Mr. Jassmann, seconded by Mr. Coyle, and unanimously approved that the minutes for April 28, 2025, be approved as presented.</i>	<i>Minutes</i>
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<i>The President welcomed Ms. Sonya Struck, Director for LOR Foundation to the meeting. Ms. Struck reported that LOR was a private family foundation working in seven rural communities throughout the mountain west, including Taos</i>	<i>Sonya Struck, LOR Foundation</i>
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and Questa, New Mexico. She reported that LOR Foundation funding comes from a private endowment specifically intended to support the quality-of-life impact on the rural communities they work in. Ms. Struck explained that LOR Foundation grants ranged from \$200 to \$30,000 for a one-year term. She reported that LOR Foundation funded a KCEC grant for \$50,000 for batteries that would support consumers who required electric service for medical devices in the event of an outage, the award to KCEC was the first LOR Foundation grant over \$30,000 with leverage resources. Mr. D. Torres asked what LOR's Budget was for grants in New Mexico. Ms. Struck reported that last year there were 192 grants awarded in New Mexico, a total of \$886,000; this year her goal was to award \$1,000,000. Ms. Struck explained that LOR's vision was to impact as many rural communities as possible, entering and exiting communities within five to seven years; and was tentatively set to exit Taos in 2027. Mr. Ortega stated Ms. Struck's accomplishments for the rural communities were impressive and very much appreciated. Ms. Vigil thanked Ms. Struck for her passionate work in the community and asked that the LOR Foundation keep Penasco in mind as a future rural community to work in.

Mr. Martinez introduced Mr. Louis Vigil, who was recently hired as System Engineer. Mr. Vigil stated he had worked with cooperatives and investor-owned utilities in the past and was looking forward to working for KCEC. Mr. Reyes and the President welcomed Mr. Cletus Stoflet to the meeting. Mr. Stoflet was recently promoted to Chief Financial Officer.

Mr. Reyes presented the CEO report for April 2025. He reported that loss in April was impacted by the increase in transmission expense, which would be recovered in the fuel adjustment. He explained that Tri-State Generation and Transmission Association, Inc. (Tri-State) had formulary rates and would join the Southwest Power Pool (SPP) but KCEC was not a participant of the SPP so transmission costs would continue to increase. He reported that warm weather in the winter months and less moisture in the spring had affected tourism in the KCEC service territory which impacted revenue. Mr. Reyes reported that fire mitigation expenses had increased and that a recent fire in Eagle Nest was caused by an electric line. Mr. D. Torres asked if transmission associations were liable for fires, Mr. Reyes stated that transmission associations were liable and that KCEC would continue performing maintenance. Mr. Reyes reported that KCEC in the past challenged transmission rates with the Federal Energy Regulatory Commission (FERC). Mr. Coyle asked if KCI revenue could offset KCEC's loss and asked when transmission cost would increase rates. Mr. Reyes reported that a cost-of-service study was completed and that the fuel adjustment or service

CEO Report

charge may increase due to the increase in transmission expense; KCEC had one rate increase in the last 33 years. Mr. Ortega asked how many tree trimming crews KCEC had, and if a monthly report of completed tree trimming was available. Mr. Reyes stated that KCEC had three tree trimming crews and that some KCEC line crews assisted with tree trimming and maintenance also. Mr. Reyes reported that KCEC operated over 3,000 miles of line and that one third of that was underground. He reported that the cost of power was \$0.06; transmission was \$0.02, one third of the cost of power. Mr. Rodarte asked what was pending for the NextEra transmission project. Mr. Reyes reported that the permit was filed over a year ago and that KCEC participated in rule-making workshops; however, new transmission projects were not approved by the Bureau of Land Management (BLM). He added that the new line would parallel the existing transmission line, and that NextEra was also interested in purchasing the existing transmission line that serves KCEC. He stated that KCEC and NextEra Energy were ready to begin the new transmission project once the BLM approved. Mr. Coyle stated that it could be beneficial for NextEra Energy to purchase the existing transmission line from Tri-State, rather than building a new one. Mr. Reyes reported that Tri-State's load would decrease when its Purchase Power Agreement with the City of Gallup expired in June 2025 and again when La Plata Electric Association exited from its contract with Tri-State in 2026. He reported that KCEC's contract with Shallow Basket and Guzman Energy would be executed that week and battery testing would begin in June 2025, the contract would support KCEC's renewable energy goals. Mr. Reyes thanked Mr. Jassmann for his help during the outages in Black Lake and Angel Fire, the outages were caused by snow on lines and a truck that snagged a low line and broke multiple poles, the low line was due to heavy snow. Mr. Reyes also commended all employees that worked long hours to restore power, and Mr. Martinez, who did an outstanding job. Mr. Ortega asked how many employees participated in the culture assessment survey conducted by the National Rural Electric Cooperative Association (NRECA), and why some employees did not participate. Mrs. Suazo reported that 71% of company employees participated. Mr. Reyes explained that the survey was confidential, and emails were sent out prior to inform employees of the survey and the importance of their participation; laptop computers were set up in the office to encourage participation from field employees. He added that NRECA conducted onsite in-person interviews with employees following the survey results. Ms. Vigil asked how a low succession rate would impact KCEC's rating with Fitch Ratings. Mr. Reyes stated that distribution cooperatives were not rated and that Fitch Ratings would be notified once the final report was received from NRECA. Discussion was held regarding artificial intelligence and how it could assist with outages. Mr. D. Torres reported that

*the Safety Committee met on May 9, 2025; there was one lost time accident when a Propane employee was running from a dog and twisted his back. The Committee discussed safety concerns for meter readers and other employees working in the field and the possibility of installing dash cameras in all company vehicles. It was moved by Mr. Duran, seconded by Mrs. Valerio-Mylet, and unanimously approved that the CEO Report for April 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 \$19,018.94. It was moved by Mr. Rodarte, seconded by Mr. Medina, and unanimously approved that those payments be made to Estates.*

*Mr. Jassmann reported the Payables Committee met on May 12, 2025. Mr. Jassmann recommended approval. It was moved by Mrs. Valerio-Mylet, seconded by Mr. Dimas, and unanimously approved that Payables for April 2025 be approved as presented.*

*Mr. Reyes reported that the KCEC Hydrogen Safety Assessment meetings and site visits were scheduled for June 17 - 19, 2025, state and local entities were invited to attend in-person, and a Zoom link would be provided to attend virtually. He reported that ENTRUST Solutions Group (EN) was working on documentation of the project for the United States Department of Agriculture's Rural Utilities Service (RUS).*

*Mr. Reyes reported that the Broadband Committee met May 16, 2025. He reported that Kit Carson Internet (KCI) continues to do well, was fully staffed, and reported \$6 million in margins for 2024. Mr. Reyes stated that Starlink could be a competitor for KCI, Starlink was more expensive and had caps but was a satellite internet service which made it easier to activate. Mr. Reyes reported that the Abiquiu project was pending environmental clearance, and stated he was scheduled to meet with CoBank to discuss funding opportunities. Mr. Reyes reported that he spoke with Jemez Mountain Electric (JMEC) and the Cabinet Secretary of the Department of Information Technology (DoIT) about the agreement between KCEC and JMEC and the transferring of grant funding for the Alcalde Broadband project, the agreement was almost complete. Discussion was held regarding the installation of a natural gas line for residential use in Penasco.*

*Mr. Rodarte reported that the Solar Committee met on May 9, 2025. He reported that engineering for the Amalia II Solar project was 90% complete and a job fair was scheduled to be held on June 6, 2025. Mr. Reyes reported that the Taos Pueblo Solar project was on hold due to a pause in funding*

for tribes. Mr. Rodarte reported that the engineering for KCEC's Microgrid project was 60% complete. Mr. Martinez reported that the project was pending environmental approval. Discussion was held regarding geothermal systems, and the potential for this innovative geoscience within KCEC service territory.

Mr. D. Torres stated there was no report from the Bylaw and Policy Committee. Bylaw & Policy Committee

Mrs. Valerio-Mylet reported that the Public Relations Committee met on May 5, 2025; the Committee discussed the design of ceramic mugs and children's t-shirts that would be giveaways for the 2025 Annual Meeting. She reported that KCEC invited U.S. Senator Ben Ray Lujan to attend the 2025 Annual Meeting as the Keynote Speaker. Mr. Ortega reported that Guzman Energy was a sponsor of Taos County's Veteran Healing Field in Questa, he was very appreciative of Guzman's sponsorship. Public Relations Committee

Mr. Reyes reported that the Legislative Finance Committee (LFC) would be in Taos for meetings in June 2025, discussion was held regarding the possibility of KCEC hosting a breakfast for LFC that week. Ms. Vigil asked about the meeting at the NM Public Regulation Commission (PRC) scheduled for May 28, 2025. Mr. Reyes reported that Mr. Martinez would present at an informational workshop regarding a potential interconnection rule for rural electric cooperatives. Mr. Coyle reported that there were housing developments underway in Angel Fire, he recommended that a meeting be scheduled for KCEC and the Mayor of Angel Fire to discuss further. Legislative Information


Mr. Rodarte asked if it was possible for KCI to make contributions to the Kit Carson Electric Education Foundation if a financial forecast determined that taxes would increase for a specific year, regarding the 85/15 rule. Mr. Rodarte also asked that thank you letters be sent to the agencies that award KCEC with grants. Ms. Vigil asked if KCEC would investigate the ability to report an outage via text message. Mr. Coyle asked that Mr. Reyes meet with Mr. Jose Lovato, Internet Manager, to discuss solutions to Broadband issues related to recent internet outages in Angel Fire. Board Member Concerns

Mr. Reyes requested that the meeting enter Executive Session. The President called for an Executive Session. It was moved by Mr. Duran, seconded by Mr. Medina, and unanimously approved that the Board enter Executive Session at 10:44 a.m. Executive Session

The meeting was reconvened by the order of the President at 11:00 a.m. No action was taken during the Executive Session.

There being no further business to come before the Board, it Meeting  
was moved by Mr. Duran, seconded by Ms. Vigil, and Adjourned  
unanimously approved, that the Meeting of the Board of  
Trustees of Kit Carson Electric Cooperative, Inc. be  
adjourned until June 24, 2025, 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:

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 24<sup>TH</sup> day of JUNE 2025.

  
President