

KIT CARSON ELECTRIC COOPERATIVE, INC.

MEETING OF THE BOARD OF TRUSTEES

December 30, 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, December 30, 2025, at 9:11 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>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, Jose Lovato, Internet Manager, and Brianna Trujillo, Executive Secretary, who recorded the day's proceedings. The President reported that Mr. Cristobal Duran would not be attending, he was not feeling well.

<i>It was declared a quorum was present.</i>	<i>Quorum</i>
<i>Ms. Vigil led the Board in reciting the Pledge of Allegiance.</i>	<i>Pledge of Allegiance</i>
<i>Mr. Valerio-Mylet led the Board in a word of Prayer.</i>	<i>Prayer</i>

The agenda was presented. Mr. Ortega requested that birthday wishes be added to the agenda; Mr. B. Torres led the Board to sing happy birthday to Mr. Luis Reyes. It was moved by Mr. Jassmann, seconded by Mrs. Valerio-Mylet, and unanimously approved that the agenda be approved as amended.

The minutes for the Board of Trustees regular Meeting, held November 25, 2025, were presented. It was moved by Mr. Rodarte, seconded by Mr. Jassmann, and unanimously approved that the minutes for November 25, 2025, be approved as presented.

Mr. Reyes presented the CEO report for November 2025. He reported that the 2026 budget was discussed during the work session the day before. He reported \$10,234 in operating

margins and explained that some expenses driving costs were out of the Cooperative's control. He reported that transmission expense had increased by \$960,535 in the last year and that transmission expense was recovered in the fuel adjustment but not until 45 days later. Mr. Reyes reported that meter/bill cycles and weather contributed to the lag in recovering transmission expenses. Discussion was held regarding data centers and solar interconnections, Mr. Reyes stated that these customers rely on the grid a few days a month and the difference in debt service was another obstacle in recovering transmission expenses. Discussion was held regarding transmission billing and the fuel cost adjustment that Mr. Stoflet prepared monthly. Mr. Reyes explained that solar generation and the transmission bills from Tri-State Generation and Transmission Association, Inc. (Tri-State), Guzman Energy and Public Service Company of New Mexico (PNM) were included in the calculation to determine what the monthly fuel cost adjustment would be. Mr. Rodarte asked about other Cooperatives that do business with Tri-State and how they recover transmission expenses. Mr. Reyes explained that there would be a transmission rate difference between Cooperatives that were part of Southwest Power Pool (SPP) and those that were not part of the SPP, he stated that load was a factor and that all NM Cooperatives differ in load. He reported that KCEC pays for transmission between the designated network resources and three delivery points in Taos, Black Lake, and Ojo Caliente. Mr. Reyes reported that KCEC would continue to build resources locally; the Amalia II Solar Array, Hydrogen and Battery projects aligned with KCEC's contract with Guzman Energy. Mr. Reyes stated that KCEC would benefit from the proposed 115-kV Transmission Project, and that the project was slowly moving forward. Mr. Reyes reported an increase in operations and maintenance expenses tied to wildfire mitigation and maintenance of the system. Discussion was held regarding the wildfires that caused a utility to go bankrupt, the current lack of moisture posed high fire risk in the summer months. KCEC would review operational efficiencies and determine if any costs could decrease. Mr. Reyes reported that depreciation and amortization expense increased by \$406,069 this year which was tied to growth in plant. Mr. Reyes reported that KCEC had natural growth in membership, he stated that Taos Ski Valley had plans to build more infrastructure and was working toward becoming a year-round resort. Discussion was held regarding KCEC's fuel adjustment filing, which had not increased. The filing was examined by the New Mexico Public Regulation Commission (NMPRC) and had incurred \$15,000 or more in legal fees due to ongoing inquiries regarding why the Taos Mesa and Angel Fire Solar facilities were Limited Liability Companies (LLC) and Internal Revenue Service (IRS) implications. KCEC had 15 days to respond to these inquiries, Mr. Reyes emphasized the need for a meeting to

clarify misunderstandings with the NMPRC. Ms. Vigil asked how oversight occurred, Mr. Reyes explained that the fuel adjustment clause had to be filed every four years. Mr. Reyes reported that insurance expenses increased by \$300,000, it was the Cooperative's goal to become non-regulated. Mr. Reyes reported that Kit Carson Internet continues to do well; both Propane and Internet subsidized and leveled rates. He added that he would speak to the Propane Board the next day to discuss performance and financial metrics. Discussion was held regarding budgeting strategies. Mr. Reyes reported that KCEC would focus on legislation regarding the Hydrogen Project and fire mitigation; there was a bill that would allow utilities to recover tree trimming expenses related to fire mitigation. Mr. Reyes reported that it was KCEC's goal to have the Cost-of-Service study filed with the commission by mid-summer. He stated that energy costs had increased across the country and electricity rates would continue to increase, KCEC would continue to work towards energy efficiency programs and low-income programs to help members. Ms. Vigil proposed a tiered approach to increasing rates that would help members budget and prepare for the increases. Mr. Reyes reported that KCEC had a 20-year forecast based on budgets and cost of power to determine the need for increases over time; this forecast was based on assumptions and different models of the forecast have been created to include future project completion. Mr. Reyes recommended that the forecast be reviewed and discussed in a separate meeting. Mr. D. Torres reported the Safety Committee meeting was held on December 16, 2025. There was one lost time accident when an Electric employee climbed a hill to read the meter, he fell backwards and bruised his shin. There were two vehicle accidents; an Electric vehicle backed up into a parked car and an Electric bucket truck drove too close and hit an Internet bucket truck with the toolbox. There was one near miss accident when an Internet Driver was driving down the road and another vehicle swerved into his lane almost going head on. Mr. D. Torres reported that the Committee discussed the Accidents/Near Miss report for 2025, there was at least one accident every month in the last year, and that most were vehicle accidents. He reported that the Committee discussed scheduling driver awareness training in January. It was moved by Mr. Rodarte, seconded by Ms. Vigil, and unanimously approved, that the CEO Report for November 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 \$22,822.36. 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. Reyes reported that the 2026 Budget was a roadmap which included the Cooperative's goals. He stated that KCEC would need to restructure rates due to rising costs. Mr. Coyle agreed that the Budget presented a need for a rate increase. He stated that he emailed a 2026 Budget Proposal Summary to the Board Chairman, CEO and CFO. He stated that costs are increasing drastically; therefore, the Board had to address the increase quickly. Mr. Reyes reported that the Budget presented included grant funding for the ERA Hydrogen Project and the Grip Project in the Engineering Department. Mr. Dimas recommended that the Board review the Budget quarterly or semi-annual to review variances. The President stated it was important for the Board to carefully review the Budget and ask questions; he complimented Mr. Stoflet and the staff for completing the Budget, given the complexity of the Cooperative as well as future endeavors. Mr. Stoflet reported the CFC Budget Provision to include Operating Statement, Balance Sheet and Budget ratios would be presented at the January Board Meeting. It was moved by Mr. Medina, seconded by Mr. D. Torres, and unanimously approved, by Trustees present, that the 2026 Budget be approved as presented. 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 – Yes
Mr. Rodarte – Yes
Mr. Jassmann – Yes
Mrs. Valerio-Mylet – Yes
Mr. Ortega – Yes
Mr. Medina – Yes
Mr. Dimas – Yes
Mr. B. Torres – Yes
Ms. Vigil – Yes
Mr. Coyle – Yes

Discussion was held on appointment of Voting Delegate and Alternate for NRECA 2026 Annual Meeting to be held March 10, 2026, in Nashville, TN. The President appointed Mr. D. Torres as Voting Delegate and Mr. Jassmann as Alternate Voting Delegate.

Discussion was held on appointment of Voting Delegate for the NRTC 2026 Online Board Elections. NRTC Voting was conducted online, no voting would take place at the Annual Meeting. The President appointed Mr. Dimas as Voting Delegate.

Mr. Jassmann reported the Payables Committee met on December 8, 2025. Mr. Jassmann recommended approval. It was moved by Mr. Rodarte, seconded by Ms. Vigil, and unanimously approved that Payables for November 2025 be approved as presented.

Approval of
2026 Budget

Voting
Delegate &
Alternate for
NRECA 2026
Annual
Meeting

Voting
Delegate for
NRTC 2026
Online Board
Elections

Payables
Committee

Mr. Reyes reported that a Hydrogen Committee meeting should be scheduled for January to review an engineering estimate before Board approval. He reported that project financing was still intact and the project was moving forward. Hydrogen Committee

Committee meetings were scheduled. Mr. Reyes recommended that Bylaw and Policy Committee focus on lobbying strategies for the upcoming legislative session.

Mr. Reyes reported that the Broadband Committee met on December 19, 2025. Kit Carson Internet (KCI) had 15,366 customers and \$5,871,371 million in margins versus \$5,616,967 last year. Mr. Reyes reported that the Abiquiu Broadband expansion project was pending government release of funds and that KCI put in applications for RDOF money to serve the community center in Alcalde and Velarde; in partnership with JMEC. Mr. Reyes reported that KCI ordered equipment for a \$50,000 Pilot Program in the JMEC area to demonstrate the benefit of KCI's fiber optic broadband service. He stated if deployment began late January as anticipated, Broadband could start sometime in March. Broadband Committee

Mr. Rodarte reported that the Solar Committee met on December 5, 2025. The Amalia II Solar Array ribbon-cutting ceremony went very well. The Array should go online by the end of January 2026. The President complimented the full-page newspaper ad in the Taos News that included photos of KCEC's partners and an aerial view of the Amalia II Solar Array. Mr. Reyes reported that the Array was also featured in the Albuquerque Journal and Channel 7 News. He added that the Amalia II Solar project would add 8.75 megawatts (MW) of solar generation and 8.75 MW of battery storage to KCEC's renewable-energy portfolio, expanding it to approximately 51 MW of solar and 25 MW of battery storage. Mr. Rodarte reported that the Village of Questa was working on another 50 MW solar project. Mr. Reyes explained that he was informed that the project was budgeted in House Bill 2; KCEC was a technical advisor for the project and would also work with legislators to help support the project. Mr. Rodarte asked about KCEC placing cameras at EV charging stations. Mr. Reyes reported that cameras have been placed, and the stations with cameras would be repaired. Mr. Martinez reported that TESLA fast chargers were recently installed at Smith's Grocery Store in Taos. Solar Committee

Mrs. Valerio-Mylet reported that the Public Relations Committee met on December 16, 2025. The Committee discussed the Amalia II ribbon-cutting ceremony. She stated that it was an exceptional event and complimented the Amalia Community members for their hospitality. The Committee also discussed the legislative dinner scheduled for January 29, 2026, in Santa Fe. Mr. Santistevan reported Public Relations

that the winners of the holiday light and decoration contest should be announced in that week's newspaper. Mrs. Valerio-Mylet reported that KCEC participated in the Taos Feeds Taos event on December 18, 2025, she thanked staff and Board members who attended. She reported that the Committee would focus on the legislative dinner and KCEC's 10-year anniversary with Guzman Energy, highlighting KCEC's milestones and accomplishments.

The President reported that Kit Carson House and Museum sent a letter of gratitude which included an update regarding the renovation of the Historical Museum. The Museum was awarded funds from Kit Carson Electric Education Foundation and Kit Carson Electric contributed material to assist with remedying an unsafe underground electrical system at the Museum. The KCEC Board was invited to tour the site at their convenience to observe these improvements. Mr. Reyes asked the President if he would consider appointing a committee to review and discuss land use of the recently acquired property. The President thanked the Board for all that they have contributed over the years, KCEC had many accomplishments to be proud of. He commended every Board member for their support of the members as well as employees. The President thanked the Board for participating in the Potluck luncheon that afternoon and he thanked Ms. Vigil for her help organizing the Potluck.

Other Business

There being no further business to come before the Board, it was moved by Mr. Medina, seconded by Mr. Rodarte, and unanimously approved that the Meeting of the Board of Trustees of Kit Carson Electric Cooperative, Inc. be adjourned until January 27, 2026, 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 10:48 a.m. The following Trustees were present at the end of the meeting:

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

Valerie
Secretary

Approved this 26th day of JAN 2026.

B. Rodarte
President