

*KIT CARSON ELECTRIC COOPERATIVE, INC.*

*MEETING OF THE BOARD OF TRUSTEES*

*December 27, 2022*

*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 27, 2022, 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>David Torres</i>	<i>Present</i>
<i>Arthur Rodarte</i>	
<i>Luisa Valerio-Mylet</i>	
<i>Cristobal Duran</i>	
<i>Bobby Ortega</i>	
<i>Martin Dimas</i>	
<i>Bernie Torres</i>	
<i>Sylvia Vigil</i>	
<i>Russ Coyle</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. Mr. Jassmann and Mr. Medina had work commitments and were unable to attend.*

*Mr. Coyle led the Board in reciting the Pledge of Allegiance.*

*Mrs. Valerio-Mylet led the Board in a word of Prayer and moment of silence for the Barrone family and the passing of Dan Dan Barrone.*

*The agenda was presented. Mr. Ortega recommended to move Executive Session to Item 8 on the agenda to discuss the Guzman Energy Contract Extension with Mr. Jeff Heit, Principal Managing Director for Guzman Energy who was present via Zoom. It was moved by Mr. Duran, seconded by Mr. B. Torres, and unanimously approved, that the agenda be approved as amended.*

*The minutes for the Board of Trustees regular Meeting held November 29, 2022, were presented. It was moved by Mr. Rodarte, seconded by Mr. B. Torres, and unanimously approved, that the minutes be presented.*

*The President called for an Executive Session to discuss the Guzman Energy Contract Extension. It was moved by Mr. Duran, seconded by Mr. Rodarte, and unanimously approved, that the Board enter Executive Session at 9:16 a.m.*

*Executive  
Session*

*The Meeting was reconvened by the order of the President at 9:54 a.m.*

*The President reported that no action was taken during Executive Session, there was discussion and review of the Contract Extension with Guzman Energy. He reported that the item would be discussed further under Item 9b.*

*Mr. Reyes presented the CEO report for November 2022. He reported \$5.2 million in margins, versus \$5.3 million for the previous year. He reported that revenue decreased due to decrease reflected on the fuel adjustment; Members have saved \$6 million from July 2022 through the end of November 2022. Reduced cost of power reduces revenue. Mr. Reyes explained that KCEC would be required to restructure member rates to capture the cost of power and revenue required to continue to provide electric service. Operations and maintenance expenses were higher in November, due to outages and repairs of damage caused by extreme weather. Discussion was held on vandalism at the Sunshine and Amalia substations. Mr. D. Torres asked if propane customers should consider converting to electric for heating. He suggested a comparative analysis might help distinguish the differences. Mr. Reyes explained that the transition to all electric is becoming very popular. There are savings and tax credits available for improving energy efficiency in homes and purchases of Electric Vehicles (EVs). Service upgrades would be the largest expense for members converting to all electric. Mr. Rodarte asked if gas companies would stop serving rural areas due to gas regulations and reduction. Mr. Reyes explained that a conversion plan would be required before existing propane customers would be required to transfer or convert to other fuel sources. Mr. Ortega recommended that this information should be discussed with the Kit Carson Propane Board. Mr. Reyes reported that a proposed housing project at Taos Pueblo, including more than 100 apartments and single-family homes, could increase load; however, faces supply chain issues. He explained that rubber goods, connectors and poles are in short supply, not only transformers. Discussion was held regarding supply chain issues and nation-wide economic hardship. Mr. Reyes presented the Board with a detailed outage report organized by District, as previously requested. Mr. Ortega asked how the ski season has affected the Red River and Angel Fire service territories. Mr. Coyle reported that there had not been snowfall, but*

*CEO Report*

snowmaking was in progress and Angel Fire Ski Resort was open. Mr. Coyle asked about “cause unknown” outages in District 5. Mr. Reyes stated that after patrolling the line if the crew doesn’t find anything obvious, they log as unknown, there are many factors that could cause a burnt fuse or open breaker. Mr. D. Torres reported the Safety Committee met December 12, 2022. He was not able to attend. He reported the Cooperative was at 108 days of no lost time accidents. Mr. D. Torres reported that the Safety Committee had recommended that Safety Incentive be paid out annually rather than quarterly, which would be discussed later in the meeting during the By Law & Policy Committee report. It was moved by Mr. Rodarte, seconded by Mrs. Valerio-Mylet, and unanimously approved, that the CEO report for November 2022 be approved as presented. A copy of the CEO report is included in the Transfer of Documents and is hereby made a part of the minutes of this meeting.

The President reported requests have been received from Estates in the amount of \$4,078.33. It was moved by Mrs. Valerio-Mylet, seconded by Ms. Vigil, and unanimously approved, that payments be made to these Estates.

The President presented Resolution 06-12-22, which proclaims KCEC’s desire to extend the Power Sales Agreement with Guzman Energy. He reported that after discussion and review of the Contract terms, the Board concurred to finalize the Power Sales Agreement extension. Mr. Reyes added that the fixed rate Agreement would be effective January 15, 2023, through July 2026. The Agreement would include \$100,000.00 for Community Projects Fund and scholarships. Mr. Reyes explained that the Agreement would also address potential utility industry resiliency, changes in law and allows KCEC to continue Solar and Hydrogen Projects, working toward renewable resources. It was moved by Mr. Duran, seconded by Mr. D. Torres, and unanimously approved, that Resolution No. 06-12-22 be approved as presented. A Roll Call vote taken by Carmella Suazo, Assistant Manager (yes in favor, no against) was taken as follows:

- David Torres – Yes
- Arthur Rodarte - Yes
- Luisa Valerio-Mylet - Yes
- Chris Duran – Yes
- Bobby Ortega – Yes
- Martin Dimas – Yes
- Bernie Torres – Yes
- Sylvia Vigil – Yes
- Russ Coyle – Yes

*The President reported that recommendations have been made that the January Board Meeting be held Friday, January 27, 2023, and the Work Session be held Thursday, January 26, 2023, since most of the Board of Trustees would be traveling to meet with Guzman Energy on January 31, 2023. It was moved by Mr. Rodarte, seconded by Mr. B. Torres, and unanimously approved, that the Work Session be held Thursday, January 26, 2023, and that the Board Meeting be held Friday, January 27, 2023.*

January Board Meeting Change

*Mr. Ortega reported the Payables Committee met on December 9, 2022. Mr. Ortega recommended approval. It was moved by Mr. Rodarte, seconded by Mr. D. Torres, and unanimously approved, that Payables for November be approved as presented.*

Payables Committee

*Mr. Ortega reported that Broadband Committee met on December 19, 2022, at the Kit Carson Internet Conference Room. He reported KCI has 11,700 subscribers. Mr. Richard Martinez explained that the goal was to reach 12,000. It was also reported that KCI had increased revenue and growth in subscribers. Discussion was held on scheduling Consumer Advisory meetings to gather feedback and discuss 2023 expectations. Mr. Duran reported that Picuris Pueblo had received \$3 million for broadband expansion. Mr. Reyes explained that the same location could not be funded twice with federal funds.*

Broadband Committee

*Mr. Rodarte reported the Solar Committee met December 14, 2022. Mr. Martinez reported that TESLA had completed battery capacity testing and tracking system testing would follow. Mr. Reyes reported that the Angel Fire Solar Array was mechanically complete and should be substantially complete by the end of January 2023. Mr. Rodarte asked if an analysis of total solar generation could be completed once the Angel Fire Array was online. Mr. Reyes explained that a report would be generated of all arrays, since they all have different outputs. He also reported that Chevron would be encouraged to rebuild their array. This year, 100 million kWh could be generated from renewable resources. Mr. Martinez reported that battery storage fire training was held at the Taos Mesa Solar Array on December 19, 2022, for first responders and fire departments around the Enchanted Circle. He explained that a battery fire must be isolated and monitored but allowed to burn itself out; it cannot be extinguished with water. Another training would be scheduled at Angel Fire Array once the array is operational. Mr. Rodarte reported that trash continues to be an issue at the Taos Mesa Solar Array. Mr. Reyes explained that Taos County has allocated \$300,000 to build a 10-foot fence but it has not been built. Ms. Vigil asked if emissions from battery fires and the toxicity was*

Solar Committee

discussed at the training. She requested that more research be done to limit exposure of potential danger. Mr. Reyes added that home fires with battery storage are of greater concern; however more training and awareness of the battery use and safety in the home, is critical. Mr. Rodarte reported that the Green Hydrogen Project in Questa, NM was also discussed during the meeting. Mr. Martinez added that he joined the Village of Questa on a tour of NREL's 1MW Green Hydrogen Plant in Denver, CO on December 9, 2022. Mr. Reyes reported that another tour would be scheduled for KCEC Trustees to attend, once the site is operational.

Mr. D. Torres reported the Bylaw & Policy Committee met December 15, 2022. He reported the committee reviewed two KCEC policies with recommended changes, KCEC Policy No. 2.2, Trustee Donations and KCEC Policy No. 3.14, Safety Incentive Program. Mr. D. Torres recommended both KCEC policies be approved with recommended changes. It was moved by Mr. Dimas, seconded by Mrs. Valerio-Mylet, and unanimously approved, that KCEC Policy 3.14 Safety Incentive Program, be approved with changes. It was moved by Mr. Rodarte, seconded by Ms. Vigil, and unanimously approved, that KCEC Policy 2.2 Trustee Donations, be approved with changes. Discussion was held regarding a new KCEC Policy for meetings held via zoom which would be reviewed by the Committee and recommended to the Board. It was the consensus that there not be a Zoom option for Board Meetings or Special Board Meetings. Mr. Dimas asked if the scheduled time for Board Meetings could be changed periodically to help Trustee attendance. Mr. D. Torres requested that the next Bylaw & Policy Committee be scheduled for Wednesday, January 18, 2023. Mr. Reyes added that the 2023 NM Legislative Session begins January 17, 2023, pre-filing would begin January 3, 2023, through January 13, 2023. He reported that a hydrogen bill and energy bill would be filed.

Mrs. Valerio-Mylet reported that the Public Relations & Economic Development Committee met December 8, 2022. She reported the KCEC Trivia Extravaganza has been very positive in promoting awareness of the Cooperative's history and service to the members. KCEC's participation in the Festival of Trees, and Senior Prom were also a success. Kit Carson Electric provided a donation for distribution of gloves and scarves to attendees at the Senior Prom. Mrs. Valerio-Mylet reported that the Committee would work with the Taos County Chamber of Commerce to bring back "Taos Day", or possibly "Enchanted Circle Day" with both Taos and Colfax Counties included, at the NM State Legislature on February 15, 2023. The event could help showcase KCEC


services, goals, and successes. It was recommended that the Mariachi Program and other school groups like True Kids 1, be invited to the event to showcase the talents of youth.

Mr. Rodarte asked when a report of the Strategic Session, held in October 2022, would be available to the Board. The President proposed a follow-up meeting on action items from the Strategic Session. Mr. Rodarte thanked Carmella Suazo and KCEC staff for their efforts and dedication during Mr. Reyes' time out of the office. Mr. B. Torres asked whether the thief responsible for the vandalism at the Amalia and Sunshine substations was caught and whether the new Sheriff could help pursue justice. Discussion was held regarding the vandalism.

There being no further business to come before the Board, it was moved by Mr. B. Torres, seconded by Mr. Coyle, and unanimously approved, that the Board of Trustees of Kit Carson Electric Cooperative, Inc. be adjourned until January 27, 2023, 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 11:07 a.m.

The following Trustees were present at the end of the meeting:

David Torres, Arthur Rodarte, Luisa Valerio-Mylet, Cristobal Duran, Bobby Ortega, Bernie Torres, Martin Dimas, Sylvia Vigil, and Russ Coyle.

  
Secretary

Approved this 27 day of JAN 2023.

  
President