

**MINUTES OF THE**  
**JEMEZ MOUNTAINS ELECTRIC COOPERATIVE, INC.**  
**BOARD OF TRUSTEES**  
**FRIDAY, DECEMBER 16, 2022, 9:00 A.M.**  
**HERNANDEZ, NEW MEXICO**

1. This meeting of the Jemez Mountains Electric Cooperative, Inc. Board of Trustees was called to order by Board President Dennis Trujillo at 9:10 a.m. on the above-cited date, at the new JMEC Headquarters, 19365 S.R. 84/285, Hernandez, New Mexico.

2. & 3. Following the Pledge of Allegiance, the roll call was taken by Stanley Crawford confirmed a quorum as follows:

**Trustees Present:**

Dennis Trujillo, President  
Manuel Bustos, Vice President  
John Ramon Vigil, Secretary (arrived at 9:19 a.m.)  
Dolores McCoy, Treasurer  
Stanley Crawford, Asst. Secretary/Treasurer  
Lucas J. Cordova  
Elias Coriz (arrived at 9:11 a.m.)  
Bruce Duran  
Dennis Gallegos  
Marcie Martinez

**Trustee(s) Absent:**

Marissa Maestas-Muller

**JMEC Staff Present:**

Michael Hastings, CEO and General Manager  
Dennis Astley, Director of Engineering and Engineering Operations  
Tina Trujillo Archuleta, Manager of Administration and External Affairs  
Geraldine Romero, Interim CFO  
Erlinda Baca, Finance Department  
Dwight Herrera, HR Director

**Others Present:**

Johnny Valerio, Contract Accountant  
Frank Coppler, JMEC Counsel  
Chuck Wright, Energy Committee member  
Bill Boas, Broadband Consultant  
Karen Farrell, Wordswork – secretarial services

4. **REMARKS FROM JMEC MEMBER** – None were offered.

## 5. CONSENT AGENDA

### A. Approval of Agenda

### B. Approval of the November 2022 Membership List

**ACTION:** Mr. Cordova moved to approve the Consent Agenda as presented. Mr. Bustos seconded and the Motion passed by unanimous voice vote. [Trustee Vigil was not present for this action and arrived shortly thereafter.]

## 6. OTHER REPORTS

### A. President's Report

President Trujillo offered the following overview of recent JMEC activities:

- The rate case is complete and was successful. New rates will become effective January 1, 2023. The PRC staff requested a comparison of rates and an updated cost of service study which will be provided.
- As part of the settlement agreement in the rate case, JMEC will post redacted Trustee vouchers and redacted employee credit card receipts. Copies of recommended bylaw changes will be forwarded to all Trustees for consideration.
- The PRC granted ETC (Eligible Telecommunications Carrier) designation to JMEC.
- Last week's foundational meeting set the groundwork for JMEC's Strategic Planning Sessions. Additional meetings will be scheduled for February and March 2023.

#### i. New Bylaw Committee – Discussion of Next Steps

President Trujillo emphasized the important role of the entire Board working within the new Bylaw Committee to review proposed bylaw amendments. Mr. Trujillo reminded the Board that they had discussed the notion of including non-voting JMEC members as Bylaw Committee members in addition to the full JMEC Board.

Recommendations on how to inform the JMEC member base of the opportunity to serve on the committee included posting an announcement on the JMEC website, the "*Enchantment*" magazine and the *Rio Grande Sun* and other JMEC service area publications. GM Hastings noted the lead time for the "*Enchantment*" and recommended moving forward without that particular notice.

Mr. Duran preferred allowing each Trustee to pick a representative from their district to serve on the Bylaw Committee. President Trujillo said that could occur once staff obtains names of interested individuals.

Recognizing that the proposed amendments and/or new bylaws will need to be prepared prior to the 2023 district meetings, Mr. Vigil recommended June 2023 as the cutoff date for bylaw amendments or new bylaw provisions.

### B. Tri-State Director Report

Mr. Duran said that at the last Tri-State meeting the 2023 Tri-State budget was approved. Tri-State's budget did not include a new rate. GM Hastings understood the new rate would come out late 2023 and would be presented to the Tri-State directors as a budget variance. Mr. Duran said Tri-State is "upside down by \$14 million" this year. At one point, Tri-State had over \$170 million in deferred revenue and is currently down to \$45 million. GM Hastings noted that deferred revenue is not always cash.

In the event Tri-State raises its rates, President Trujillo said that JMEC's members will need to understand that distinction in JMEC's billing.

GM Hastings discussed Tri-State's conservative approach to the peak period which they identify as 10 hours making it almost impossible for JMEC to avoid that broad peak period of the day. Many G&Ts charge the same peak every month but Tri-State charges on a month-to-month basis. EV charging during peak periods needs additional discussion.

In regards to JMEC members using power during peak hours, Dennis Astley, Director of Engineering and Engineering Operations, noted that they will pay a higher price. The new AMI (Advanced Metering Infrastructure) will collect detailed metering information including time of use.

Mr. Duran said there was a presentation on SPP/RTO and how the expansion could impact Tri-State.

As a point of information, GM Hastings discussed that FERC may require one-way transmission lines that dead end which are called "radial lines" to be paid for the distribution co-ops served by the specific radial line. This will impact Tri-State distribution co-ops that have a lot of radial lines within their system and it will be a major cost increase for them to transfer those radial lines.

## **7. OTHER BOARD ITEMS – Discussion and Action**

### **A. Miscellaneous Matters**

#### **i. Plans for Strategic Planning Dates – Location**

February 7<sup>th</sup> and 8<sup>th</sup> were recommended dates.

March 14<sup>th</sup> and 15<sup>th</sup> were selected as additional dates if needed.

#### **ii. Election of Statewide Director and Alternate**

President Trujillo invited nominations and noted that currently Mr. Bustos serves as JMEC's representative on the Statewide Board and there is no alternate.

Ms. Martinez nominated Manny Bustos.

There were no other nominations and Mr. Bustos was named representative by acclamation.

President Trujillo spoke to the importance of having an alternate. It was noted that many co-ops have their GM serve as alternate. Mr. Coriz said he'd prefer to have an elected alternate representing the membership. Other Board members agreed with Mr. Coriz.

Ms. Martinez expressed her interest in serving and nominated herself as JMEC's alternate.

Mr. Vigil nominated Lucas Cordova to serve as JMEC's alternate.

Ballots were distributed. Mr. Coppler tallied the votes and announced that Ms. Martinez was elected as the Statewide alternate via secret ballot.

**B. Consideration of 2023 Budget – Action Item**  
[See Page 10 for action]

A draft 2023 JMEC budget was distributed for discussion.

GM Hastings thanked Geraldine Romero, Johnny Valerio and senior staff for their assistance in preparing the draft budget. The budget addresses the electric business and not broadband which will be a separate budget. The draft is staff's best recommendation; however, changes can be made in the future.

GM Hastings said staff has developed priorities for 2023 capital expenditures. The three top items are:

- The Abiquiu Substation;
- The Española Substation; and
- Re-conductor and repair the Santa Fe Ski Basin line that serves the towers to 25kV.

The funding identified for the projects may not be expended in 2023 and the amount of money for capital expenditures is an estimate. Many projects will take additional years and other than broadband, the list of future capital expenditures is not that deep for future years.

GM Hastings reviewed Plans A and B for the Abiquiu Substation. Plan A is to obtain the BLM permit to build the new Abiquiu Substation across the Chama Highway close to the Hwy 96 intersection. Staff is diligently working to obtain permits. Staff and President Trujillo talked to Tri-State's transmission team regarding Plan B. Tri-State will reach out to DOE and the Corps of Engineers owners of the property where the Tri-State Coyote switching station is located. Expanding the Coyote station could facilitate placement of JMEC's distribution station. Plan B may be a lower cost solution than Plan A and management continues to advance both plans.

GM Hastings noted that he and Mr. Astley have a meeting scheduled with the head of the Jicarilla Apache utility in January at the Tancosa Substation by Hwy 550. Different options will be discussed.

Regarding the monthly loss of \$200,000 to \$300,000, President Trujillo asked how the Co-op can move forward with those losses. GM Hastings said at the end of 2022, JMEC

will send letters to their two lenders – RUS and CFC – and advise them that 2022 targets were not met and inform them that the approved rate case will improve the Co-op’s financial situation. A waiver will be requested of CFC. The main impact is JMEC used its cash reserve to fund its 2022 losses and money was borrowed.

Regarding capital credits, GM Hastings said if the Co-op makes money a positive number is posted to the members based on their electricity use. Members are not assigned any of the loss.

Focusing on the draft 2023 JMEC, GM Hastings made the following points:

- “Pro forma” represents 10 months of actual and two months budget.
- November 2022 indicates a loss of \$270,000.
- The dollar variance shows another \$4.33 million in revenues basically from the rate case.
- The cost of power will start to rise in late 2023.
- The main expenses are categorized on the monthly Form 7 for 2023.
- Operations and maintenance will be less in 2023 than 2022.
- Depreciation and Internet Expense will increase because of the additional loans and increase in interest rates.
- The G&T capital credits show a decrease. These are book entries only, not cash.
- To be conservative, less capital credit were budgeted from Western United and other co-ops.
- The key driver for the financial ratios to be met in 2023 are CFC’s modified debt service coverage ratio or the MDSC which is 1.35; the budget is 1.37.

GM Hastings noted that historically JMEC has not invested in capital expenditures. That turned around with the new headquarters and the proposed projects in 2023. He reviewed the electric energy sales by month and member type. JMEC is considered a winter-peaking/heating load co-op with December, January and February as the main sales months on the residential side. The operating statement identifies administrative and general as a big expense and the power cost as the biggest expense.

The Ski Basin line should be finished in 2023 while Española and Abiquiu substations will probably not be finished.

An insulator from the Ski Basin line was broken in two and GM Hastings said that insulator may have been responsible for a lot of the problems on that line over the past year. Mr. Astley presented the insulator for the Board’s inspection.

GM Hastings highlighted the \$1.5 million in meters and said he hoped a lot of that would be expended in 2023. Two additional meter readers have been hired and as fast as the new meters come in they will be installed.

The Lybrook transmission design feeds into the Jicarilla and the cement pads at Lybrook are crumbling and need to be replaced. West side tie-lines need upgrading at the Blanco and Largo substations; fixing these lines will dramatically improve reliability on JMEC’s West side.

There are a lot of capital expenditures on the list for 2023 and the GM said he hoped to get most of the projects started. The total was listed at \$5.865 million with the recognition that in 2024 and 2025 the JMEC capital expenditure amounts will be substantially less.

Regarding the general plant, the following projects were listed:

- Cuba – drainage design, extend front parking area and gate move.
- New HQ 3-phase work – requires additional review with the Grounds Committee including an additional bid for the demolition of the old building.
- SanYsidro washout requires some remediation.
- Minor things to include improving the La Luz property, computer upgrades, servers, storage for the JMEC camera system, and for Cuba furniture, covered carport and electrical hookups.
- Regarding vehicles, many listed for 2023 were included within the 2022 budget and were unavailable. The unexpended 2022 budget for vehicles carried over to 2023.

The budget represents real needs for the Co-op and not all of these capital expenditures will happen because of supply chain shortages and staff time.

The Española substation project is the substation in middle of Cook's lumber yard in Espanola which will be addressed in 2023. There may be acreage available through the public schools.

Part of the Ski Basin line requires a USFS permit which has not yet been obtained and hopefully will be granted when the snow melts. JMEC contracted with 4G to complete the Ski Basin Line replace 150 poles, and three regulators. A project on the San Ildefonso line that goes from the substation to the proposed location of the water treatment plant will be bid out later in the year.

GM Hastings said he'd like JMEC to replace 150 poles in 2023 as was done in 2022. Top priority is replacing 69 kV poles; many have been replaced on the eastside although there are still some at Alcalde and to the south that need changed out.

Within the 2023 personnel budget for Española are four journeymen and four apprentices. In Cuba there are two journeymen, two apprentices and a working foreman. Jemez Springs may have one new hire. Currently JMEC has 113 employees.

GM Hastings recommended the Board to hear the broadband presentation prior to voting on the JMEC proposed 2023 budget.

### **C. Broadband Report**

- i. Presentation Concerning the Draft Broadband Business Plan**
- ii. Amend the JMEC Pole Attachment Agreement**

Elias Coriz, Broadband Committee Chair, said they last met in November and discussed the pole attachment agreement for Jemez Net to clarify that fiber will be attached 12 inches below the neutral in most cases.

**ACTION:** Mr. Coriz introduced a Motion to modify the pole attachment agreement to ensure Jemez Net can attach fiber to JMEC poles 12 inches below the neutral. Mr. Gallegos seconded.

**After considerable discussion, the motion to authorize staff to move forward carried without opposition.**

Mr. Coriz said that Redi-Net is trying to obtain a Middle Mile trunk line up to Chama and has asked JMEC for a support letter. This was not an action item but he wanted the Board to be aware of the issue that can be handled administratively. GM Hastings said the line would run from Hernandez up to Chama. JMEC had assisted with an earlier Redi-Net grant application in the fall of 2022, which Redi-Net decided not to pursue.

There is a new grant available with a reduced matching cost and Redi-Net is gearing up to apply. WindStream has RDOF (rural digital opportunity funds) which are spaces that WindStream alone can build out fiber within. No other entity using grant money can go through the RDOF area. JMEC is willing to work with Redi-Net and NORA on these projects that will be required to pay for any make-ready work on JMEC poles.

Mr. Coriz reminded the Trustees of the importance of being pro-active in obtaining grant monies and executing agreements to provide broadband services to the JMEC members.

**i. Presentation Concerning the Draft Broadband Business Plan.**

The Jemez Net business plan with highlights from NRTC was presented. A lengthy and thoughtful discussion ensued.

Mr. Vigil said he and Mr. Bustos attended a course on defining broadband and doing the due diligence where the Jo-Carroll Energy broadband initiative, which GM Hastings established, was cited as an example point of reference for how to build out broadband. Mr. Bustos said it was confirmed at the class that executing that first mile was imperative to success.

Possible broadband grant opportunities were also discussed and with NRTC grantwriting assistance as well as EnerVision identifying grants, JMEC could receive additional funding. There was mention of hiring an assistant for Tomas Barela to track grants.

GM Hastings requested the Board's approval of the conceptual business plan with directives to tighten it up, address the possibilities with Verizon, and add the oil and gas industry in the model. This will have an impact on the co-op financially and should be recognized before voting on the JMEC electric budget presented earlier.

Mr. Vigil supported the business plan and requested a timeline with implementation dates. GM Hastings said additional equipment is necessary and some supply chain issues exist.

Once a start date is identified, Mr. Duran recommended holding a press conference with a well-known local political leader.

President Trujillo advised management that they had the Trustees' support regarding the Jemez Net business plan.

**ACTION:** Recognizing the plan as a living document, Mr. Coriz moved to approve the draft broadband business plan as presented. Ms. Martinez seconded and the Motion passed by unanimous voice vote.

**ACTION:** Mr. Crawford moved to approve the 2023 Budget. Mr. Cordova seconded and that passed by unanimous voice vote.

The Board recessed for lunch at 12:15 p.m. which was immediately followed by Executive Session.

**8. EXECUTIVE SESSION**

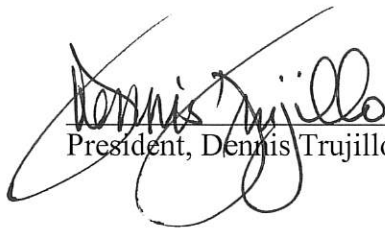
- A. Legal Matters**
- B. Personnel Matters**

**ACTION:**

**9. ADJOURN**

Having completed the Agenda and with no further business to come before the Board, President Trujillo adjourned this meeting following Executive Session.

APPROVED:

  
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President, Dennis Trujillo

  
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Secretary, John Ramon Vigil



**DRAFT**

- subject to approval -