



**Electric Cooperative, Inc.**  
P.O. Box 128, Espanola, New Mexico, 87532

Phone:  
Espanola 505-753-2105  
Cuba 575-289-3241  
Jemez Springs 575-829-3550

Your Touchstone Energy® Cooperative   
*The power of human connections®*

# RATE CASE REVENUE REQUIREMENTS PRESENTATION

Rafael De La Torre Jr, PE  
Joseph L. Sanchez, PE  
JULY 15, 2026

Supplying reliable power to communities has, and always will be, the primary mission of rural electric cooperatives. Concurrently, electric utilities like rural cooperatives are undergoing dramatic changes. States are setting renewable energy goals, new technologies such energy storage are becoming commonplace, electricity usage is increasing but severe weather events on an aging grid infrastructure requires new technology and investment.

Jemez Mountains Electric Cooperative (JMEC), needs to make significant investments in this new environment. As member owners of the cooperative, it is important that you are informed and involved in the co-op's business matters. On August 1, 2026, JMEC will be filing for a two-phase rate increase with the New Mexico Public Regulation Commission (NMPRC) and a small increase to the monthly service charge.

This presentation highlights the \$42 monthly cost to maintain utility grid operations and before JMEC sells 1 kwh of electricity. Noted is the 19% to 25% of existing power bill pass-thru charges that JMEC has no control of; and the vast rising prices of poles, transformers and wires for routine installations.

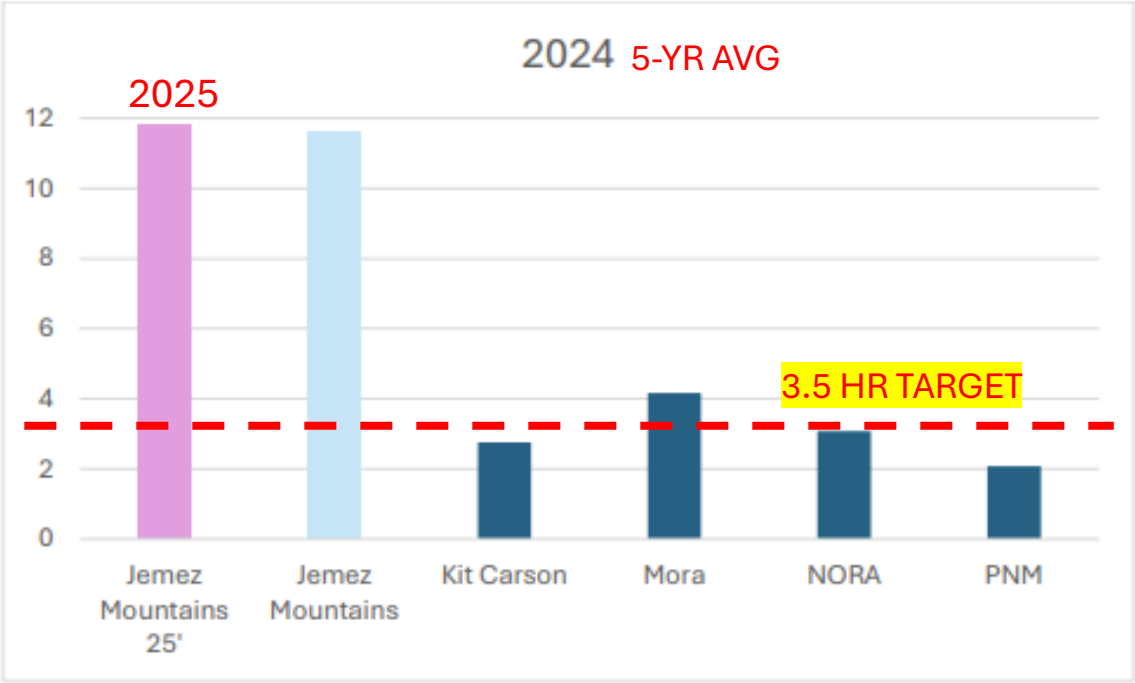
To no one's surprise, JMEC has struggled to maintain the lights on due to an aging and failing electrical infrastructure in its transmission, substation and distribution systems. Replacing of these aging systems are underway and JMEC is embarking on a new 55 million dollar 4-Year construction work plan. JMEC must borrow funds to construct major capital projects to the benefit of all members but like any house-hold, must meet net operating margins to satisfy its lenders.

This presentation highlights where JMEC is at today, its plans to greatly improve its reliability, and the necessary electrical rates. For additional information, please contact any of our three offices.

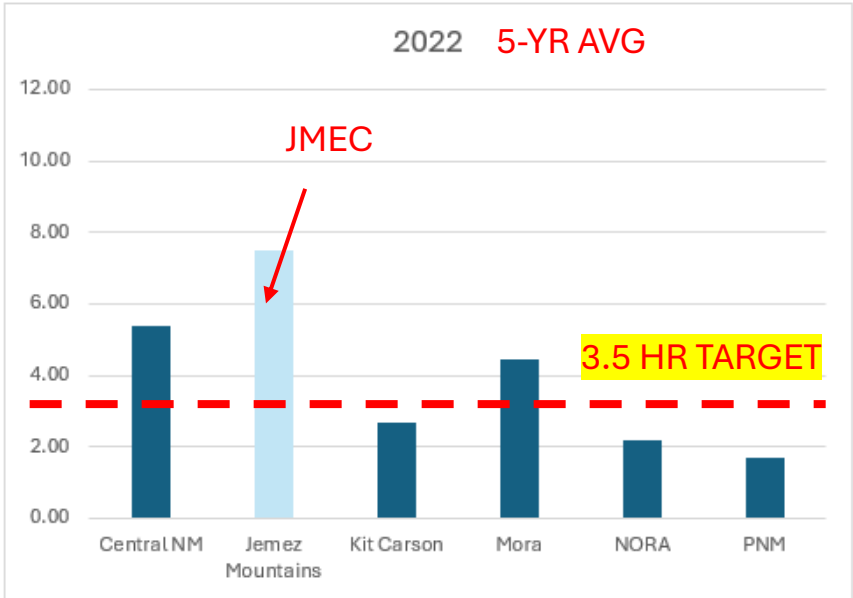
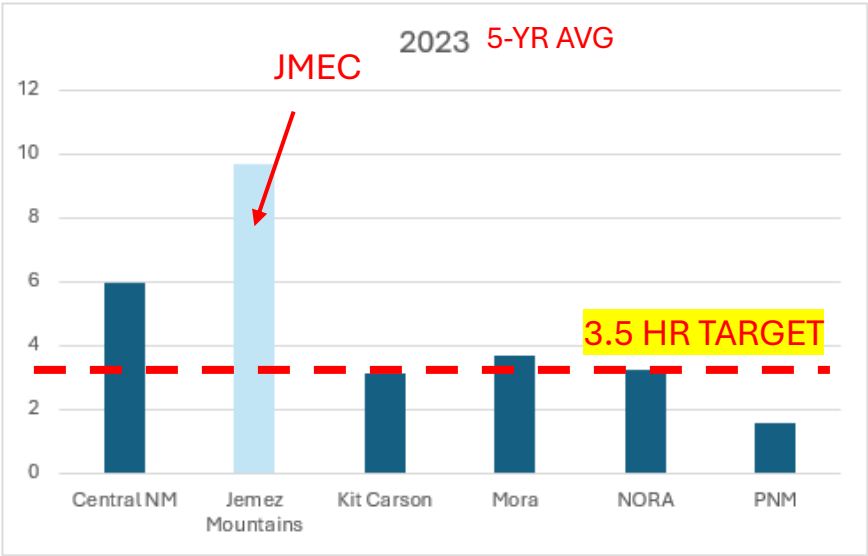
There are 3 primary reasons for the proposed rate increase:

1. JMEC must meet financial obligations including a TIER of 1.5. The TIER is a financial ratio utilized by lending institutions (Co-Bank, CFC) that JMEC relies on to finance NEW construction on a short-term basis. JMEC's primary financial institution RUS (federal government) too requires the TIER and other financial requirements. At a high level, a TIER of 1.5 indicates that JMEC must have NET operating margins of 50% of interest on long term debt. As JMEC continues to borrow funds for major projects that benefits the entire grid (\$50 million, 4 –Year Construction Project), its interest expense increases, thereby the net operating margins must also increase.
2. JMEC's primary function is the delivery of safe and reliable electric utility service. The nationally recognized measure for electric reliability is the SAIDI, or System Average Interruption Duration Index. A SAIDI of 60 minutes would indicate that on average, a JMEC customer would be out of power for 60 minutes during the past year. The SAIDI must be reported annually to NMPRC and RUS; they too have a level of say if the SAIDI is abnormally high. **Refer to next page for JMEC's SAIDI going back to 2017.**
3. The costs for transformers, wires, poles, for routine installations and specialty equipment including padmounted switches, 3 phase transformers, reclosers, breakers and the like have doubled in price over the last 8 years. Contract labor for the installation of major capital projects have almost tripled in cost because of the shortage of lineman that can perform energized work.

The graphs are a **5-year average** indicating from 2025 to 2017, the SAIDI has increased from **twice** the nearby utility average to **three** times the nearby utility average; in 2025 its almost 12 hours. **In 2005, SAIDI was around 3.5 hrs and is our GOAL.**



A big contributor to the SAIDI can be attributed to issues in the transmission, substation and distribution **reclosers** – many of which must be replaced. Also, JMEC relies on mechanical hydraulic reclosers that do not aid in identifying the problem locations.



# EXISTING RESIDENTIAL RATE

## IT'S IMPORTANT TO UNDERSTAND THE COMPONENTS

- THERE IS A **FIXED SERVICE** CHARGE (\$22 PER MONTH)
- THEN, THERE IS THE ENERGY COST ( \$ PER KWH OR \$0.104754 first 700KWH)

## THERE ARE PASS THRU CHARGES WHICH JMEC HAS VERY LITTLE CONTROL OF

- **FUEL FACTOR:** PASS THRU DUE TO POWER SUPPLIER (TRISTATE) INCREASING RATES
- **DEBT FACTOR:** PASS THRU DUE TO JMEC INCREASED BORROWING COST (INTEREST)
- **RATE RIDER 2:** PASS THRU TRANSMISSION COST DUE TO PUEBLO EASEMENT COSTS
- **RATE RIDER 3:** PASS THRU DISTRIBUTION COST DUE TO PUEBLO EASEMENT COSTS
- **NMGRT:** PASS THRU 6.8% AND HIGHER

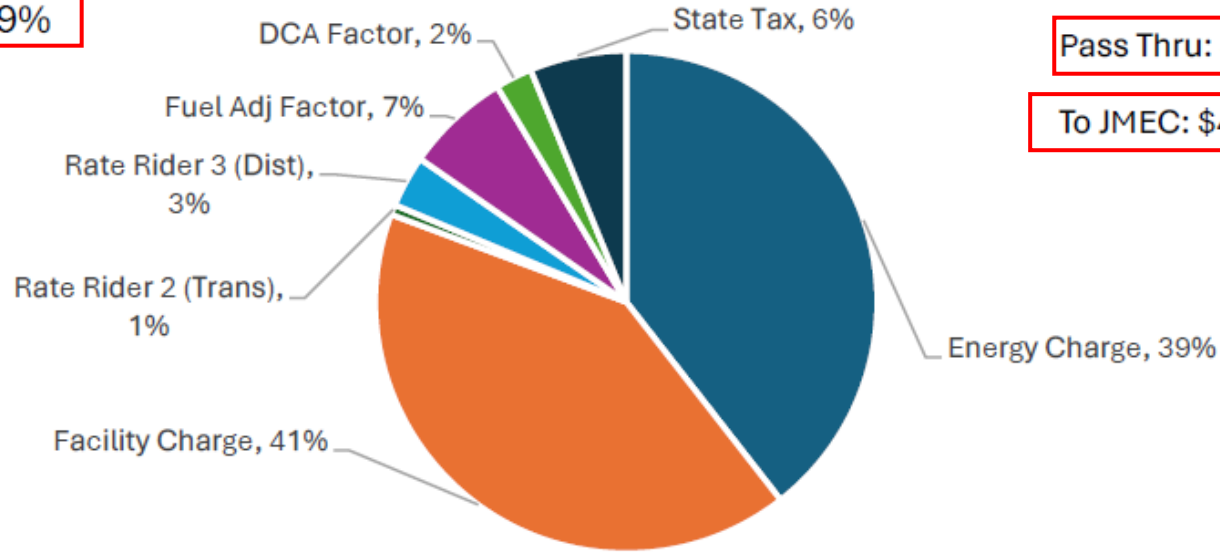
**PASS THRU CHARGES** CAN RANGE FROM 19% TO 25% RELATIVE TO YOUR POWER BILL

**THEREFORE, recognize that your power bill contain factors that JMEC has no control over.**

Pass Thru

19%

### KWH Usage (201)



Total Bill: \$54

Pass Thru: \$10

To JMEC: \$44

$\$44 / 201 = \$0.2189$

Cost of power

$201 * \$0.0825 = \$16.58$

$\$44 - \$16.58 = \$27.42$  gross revenue  
for JMEC to operate the grid

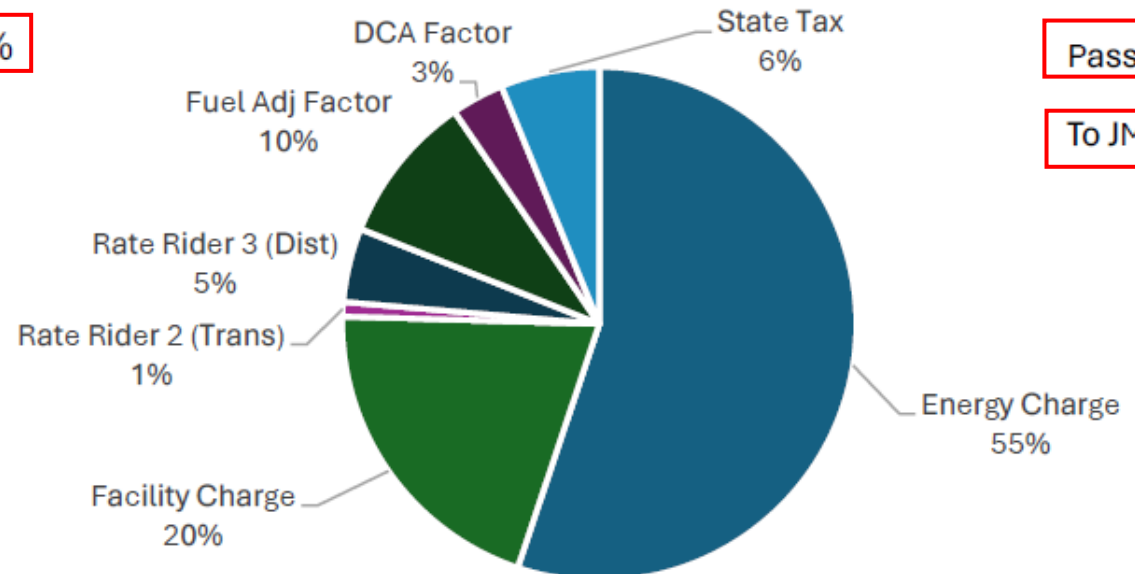
About 50% of total bill

SIMILAR TO JMEC AVERAGE

Pass Thru

25%

### KWH Usage (570)



Total Bill: \$108

Pass Thru: \$27

To JMEC: \$81

$\$81 / 570 = \$0.1421$  per KWH

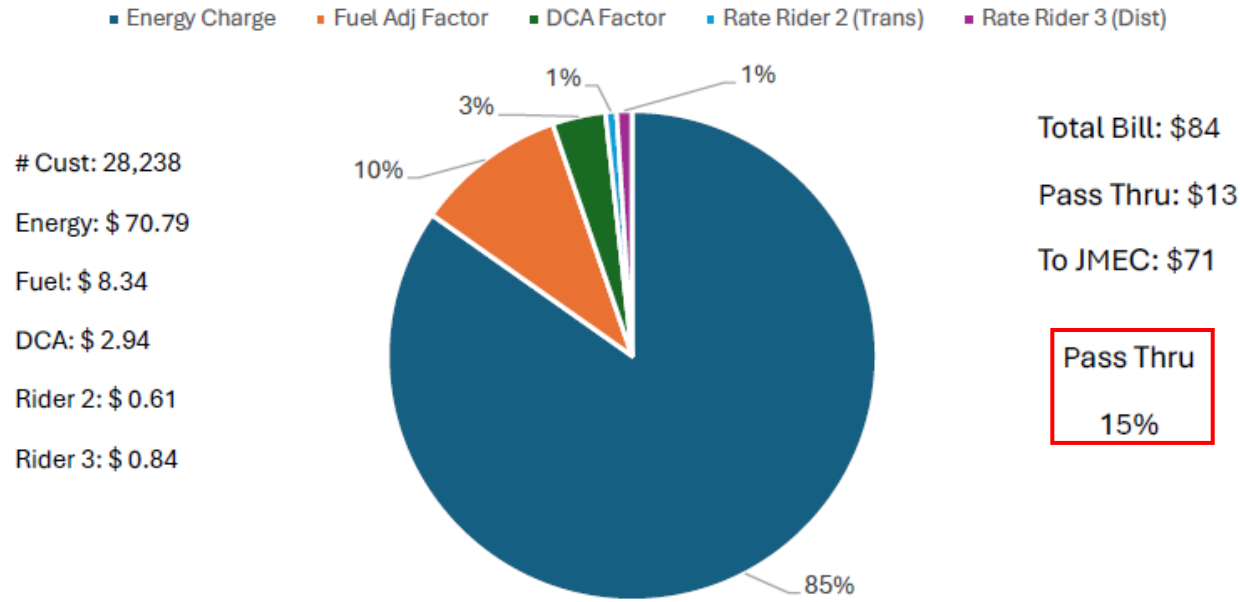
Cost of power

$570 * \$0.0825 = \$47.03$

$\$81 - \$47.03 = \$33.97$  gross revenue  
for JMEC to operate the grid

About 32% of total bill

### Residential All



$$\$84 / 457 = \$0.1838$$

Cost of power

$$457 * \$0.0825 = \$15.20$$

$\$71 - \$15.20 = \$55.802$  gross revenue for residential class for JMEC to operate the grid

Per COSS, it costs an average of \$42 for JMEC to operate the existing grid.

$$\$134 / 798 = \$0.1679$$

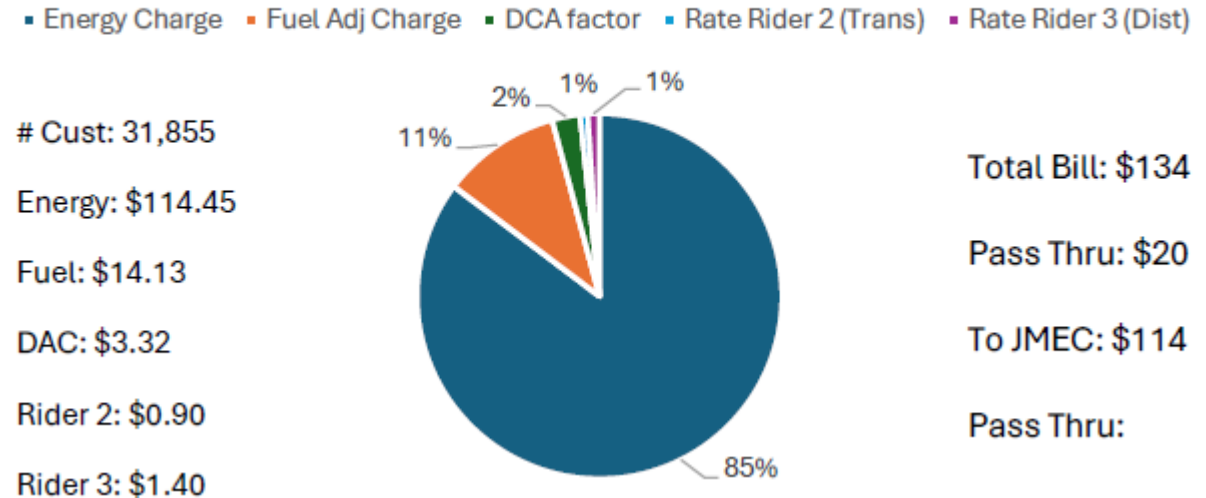
Cost of power

$$798 * \$0.0825 = \$65.84$$

$\$134 - \$65.84 = \$68.17$  gross revenue per customer (overall) for JMEC to operate the grid

Per COSS, it costs an average of \$42 for JMEC to operate the existing grid.

### All Customers KWH Usage



**COST OF SERVICE STUDY** INDICATES THAT ON AVERAGE, IT **COSTS \$42 PER CUSTOMER TO OPERATE & MAINTAIN THE EXISTING SYSTEM PRIOR TO SELLING 1 KWH**

**What is the average \$42 per month is used for?**

- **Distributions system: 4400 miles, 16 substation, 180 miles of transmission, 33K meters, etc.**
- **Pole Treatment**, testing and replacing is on-going and never ends, the goal is to treat/inspect 7% per year to be on a 15 year cycle, the preferred is 10 year cycle; rejection rate is at least 5%. **Budget is about \$1million to \$2 million per year.**
- Read and process over 33,000 meter reads and invoices
- **Tree trimming program:** both in-house and subcontract is about **\$3 million annually**
- About 30 lineman and 2 dozen vehicles including bucket trucks, digger derricks, line trucks **ready to respond to power outages.**

Etc., etc.



## WHERE ARE WE AND WHERE ARE WE HEADING

- **JMEC has been in a reactive mode**; power outages occur, power outages get fixed
- **JMEC is transitioning into a PROACTIVE mode** to reduce/mitigate power outages from occurring in the first place;
- When outages do occur, there is a root cause analysis to ensure the over-current protection system responded as it was supposed to. Myself along with Preston and Sarah must review the outages in their respective areas for correction (Espanola, Jemez Springs & Cuba).

## NEED TO MAINTAIN SAIDI EFFORTS INTO THE FUTURE

### WHAT has JMEC done?

- Filling of my position as the primary engineer to focus on the utility grid; **I spend 50% of my efforts in grid reliability** – setting corrective actions and installing new systems in place
- Hired an MSEE, PE, young system engineer for Jemez Springs District (Preston Torres)
- Hired a BSEE, young system engineer for Cuba District (Sarah Kight)
- Follow the RUS Form 300 Operations and Maintenance Process as it addresses all engineering and line operations objectives for operating and managing the utility grid.

WE ARE ON OUR way and not waiting - because our customers expect reliable service

## STRATEGY to CORRECTING SAIDI

ONE NEEDS TO UNDERSTAND THE JMEC, POWER HIERARCHY: **(SEE NEXT PAGE)**

GENERATION, 115KV TRANSMISSION – **BY TRISTATE & JMEC HAS NO CONTROL** – TOTAL SYSTEM

69KV TRANSMISSION SYSTEM – **MAY AFFECT UP TO 10,000 METERS**

69KV – 15KV SUBSTATION (ESPANOLA VALLEY) – **MAY AFFECT UP TO 4,000 METERS**

69KV- 25KV SUBSTATION (WEST SIDE – CUBA / JEMEZ SPRINGS)

15KV DISTRIBUTION SYSTEM (ESPANOLA VALLEY) – **AFFECTS UP TO 1000 METERS (FEEDER)**

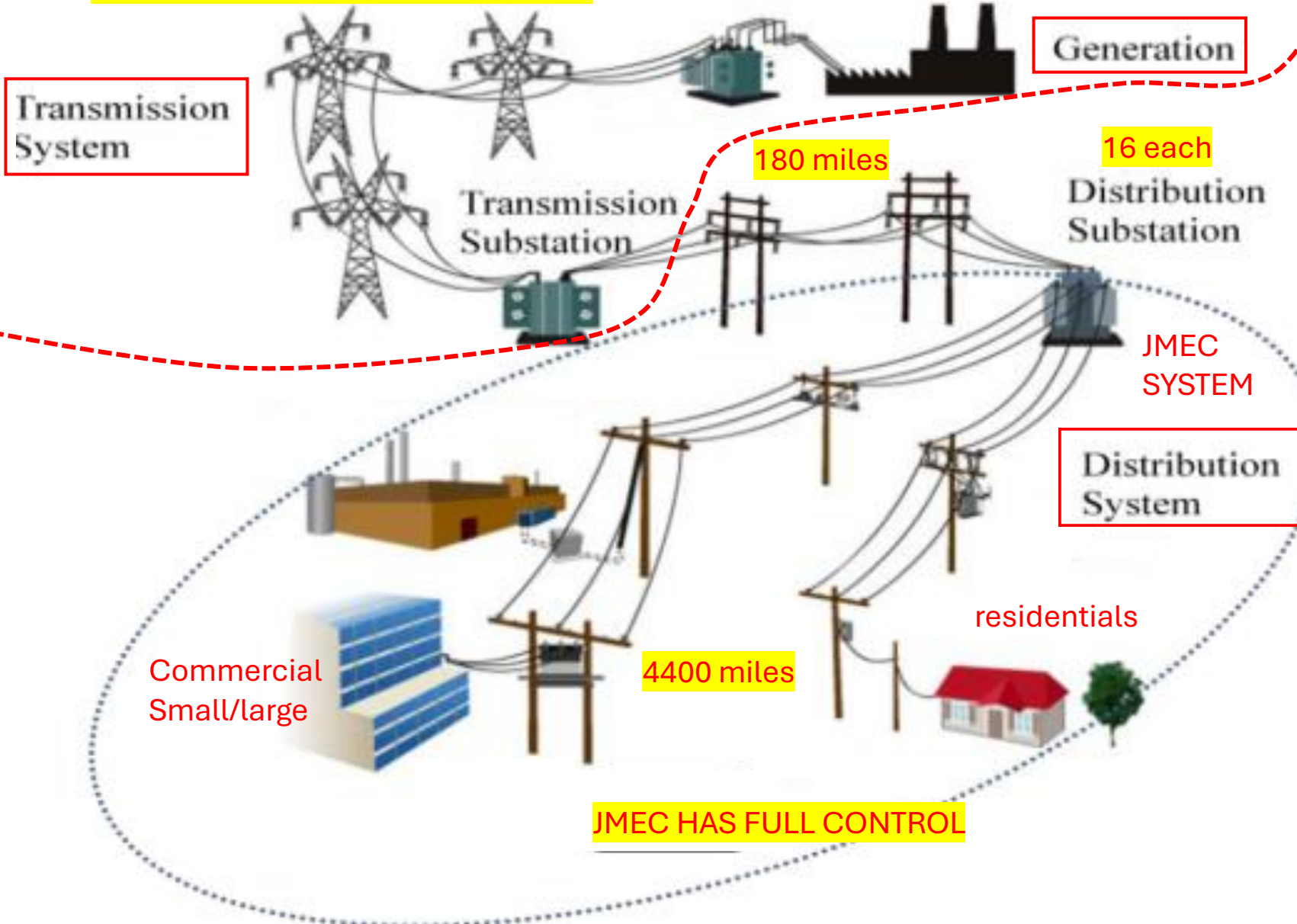
25KV DISTRIBUTION SYSTEM (CUBA – JEMEZ SPRINGS)

THERE ARE CHALLENGES IN ALL AREAS.

**WE ARE MITIGATING ALL AREAS SIMULTANEOUSLY BECAUSE WE HAVE TO.**

# GRID HIERARCHY (Generation, Transmission, Distribution)

TRISTATE – JMEC HAS NO CONTROL



The higher the hierarchy, the most customers affected:

For Example

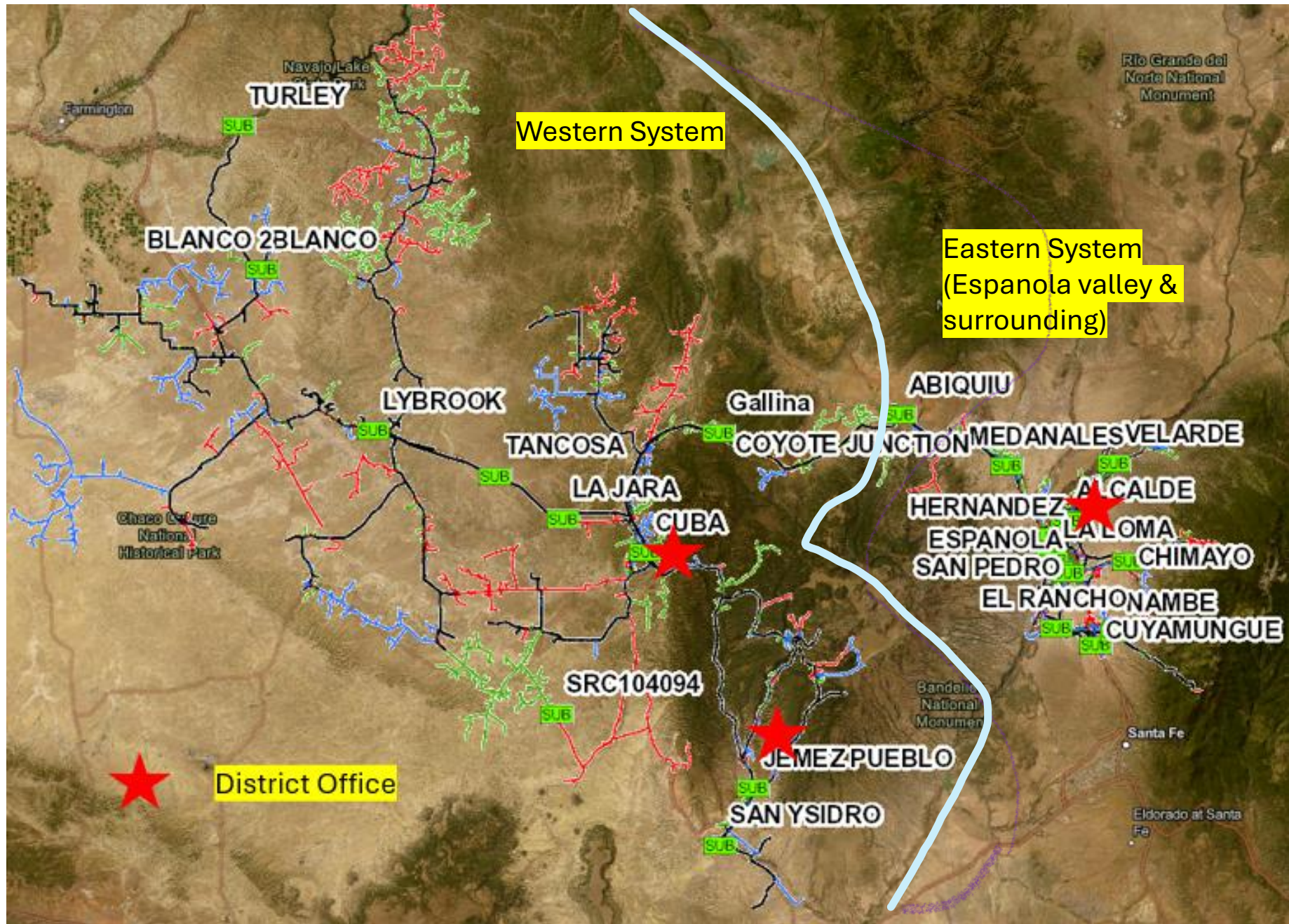
During Nov 2025, a TriState power outage affected all the Espanola Valley.

A **69KV transmission outage** may affect 5000 to 10,000 customers

A **substation outage** may affect 2000 – 2400 customers

A **distribution feeder** may affect 1000 customers





The JMEC distribution system consist of over **4400 miles of distribution** line fed by **16 substations**.

The **Eastern system** powers the Espanola Valley.

The **Western system** powers the Cuba, Lybrook and Jemez Jemez Springs area.

JMEC has a HUGE area to cover and **thousands of devices that aid and prevent power outages** from spreading into a larger footprint affecting hundreds and thousands of customers.

# HOW DO WE FIX THE SAIDI – area 1 – highest priority

## TRANSMISSION LINE CORRECTIONS

Transmission Lines, 180 miles total: 10 miles of 115KV, 170 miles of 69KV: Major handicap is a 40 miles segment between La Jara to Abiquiu.

Solution: Install taller poles, add intermediate poles, add dog-bone dampers

**Completed to date:** Spent about \$200K on (6) pole replacements and installation of 80+ dog-bone dampers and this appeared to work well; **didn't have one incident during the 2025-2026 winter.**

**Install 69KV fault indicators** – major issue – we often were looking for “needles in a haystack”

- We installed these in the La Jara 69KV that was often blinking and saw good results;

## Currently and the next 2 years

- Identified 26 other poles to replace, currently getting bids but it will end up costing about \$400K
- Doing a pilot project with fault interrupters that have cell capability.
- **Install (5) 69KV airbreak** switches at accessible locations to isolate/aid in identifying failed section – major issue. This helps us restore substations when possible.

## NEXT Phase

- Drone inspection and sag evaluation of entire system

# HOW DO WE FIX THE SAIDI – area 2, next higher priority

## SUBSTATION CORRECTIONS

16 Substations – Replacing the feeder recloser controls and breakers

- Problem: Recloser control failures, some breaker failures: Chimayo, Chili, La Loma subs
- **Affects one thousand to several thousand consumers at a time**

Solution: Replace controls (\$12K each), Replace Breakers (\$35K) each

Completed to date: (8) controls, (2) breakers, have 4 other controls, ordered 10 more.

**Major effort completed to date:** Replaced the 69KV fuses in Chimayo, placed 69KV back to normal (vs 1 shot). We had lost the 69KV twice due to lightning whereby the breaker should have simply reclosed

### Immediate focus

- We have three vendors performing a site evaluation in installing the main SCADA control and HMI (human machine interface);
- Ordered (15) recloser controls, have installed (12) and the plan is to install (13) total.

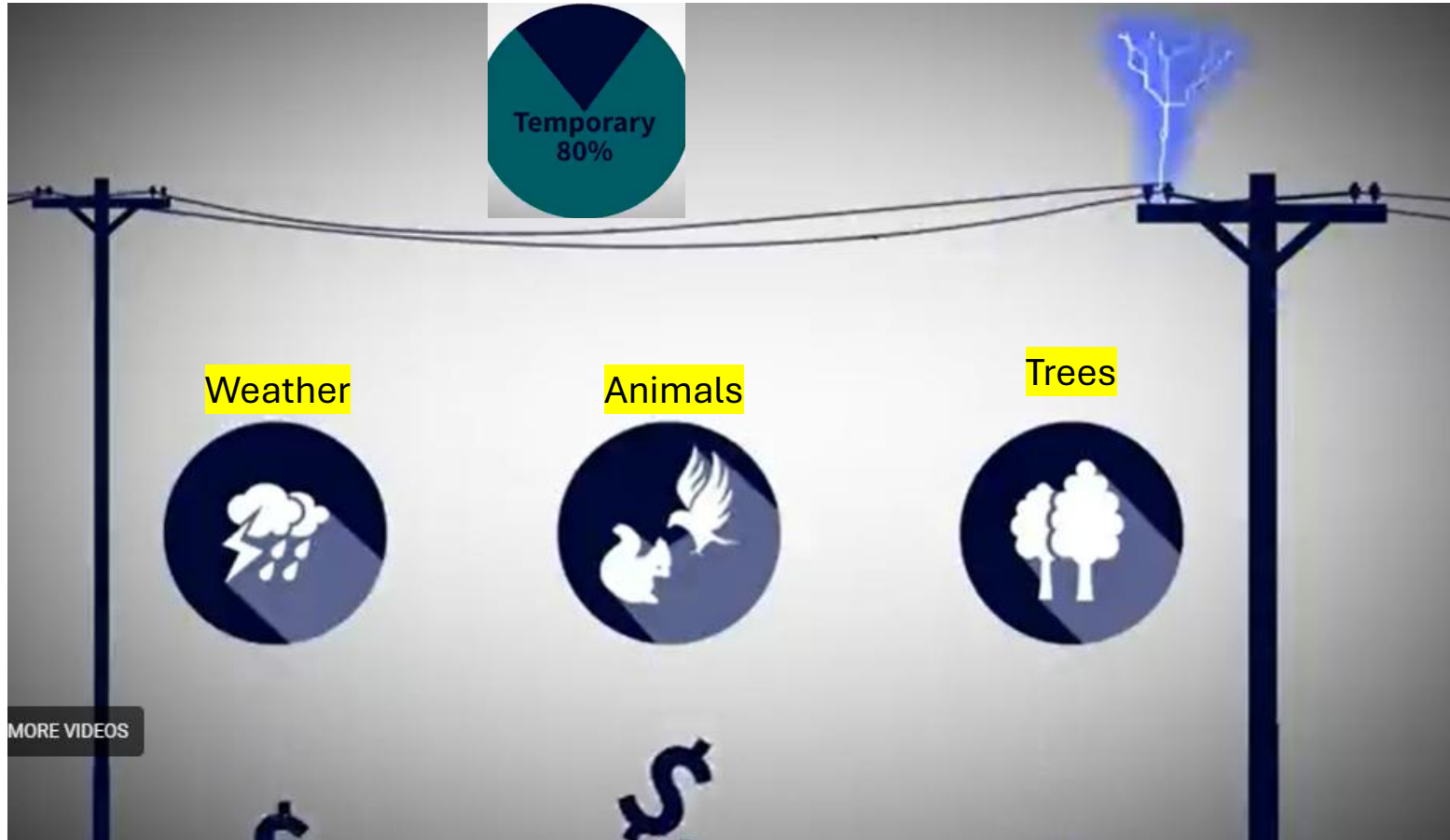
### Next 2 years

- Implement SCADA to substations – capability to add additional smart devices to help identify problems in the distribution system, reroute power, etc.



## MAINTAINING POWER IS SOMETHING WE DO EVERYDAY, BUT .....

THERE IS AND ALWAYS WILL BE LINE CONTACTS



The distribution recloser or OCR is the work horse and number 1 device that protects the distribution system utilized to power all customers.

Power line contacts will happen, and happens often including: Lightning, wind, rain, snow, ice, trees, birds, etc.

80% of line contacts are transient or temporary in nature.

The OCR opens and closes, up to 4 times to isolate line contacts.

JMEC has over **400 OCRs** in its distribution system that are operating AT or near their 30-year USEFUL life.

The link to the left explains the functionality of the OCR in greater detail

[Single Phase | TripSaver® II Cutout-Mounted Recloser](#)

# HOW DO WE FIX THE SAIDI – area 3 but this priority that never stops!!!

## DISTRIBUTION CORRECTIONS – where the most work is at!!

Distributions system: 4400 miles

- priority 1: distribution line reclosers (OCRs) – work horse of the distribution system (over 400 to replace),  
**installed fuses between sub and 1<sup>st</sup> set of OCRs (El Rancho, Fairview circuits).**
- priority 2: continual pole testing, treatment, of over 40,000 poles, reject poles at 5% generally
- priority 3: replacing major segments of certain feeder lines – hugely expensive projects in the \$1million and up each project.
- priority 4: Upgrading or replacing substations (Espanola – inside Cooks, Abiquiu – over 60 years old)
- **Implement the sectionalizing study completed in 2024** – ensures reclosers are coordinated to limit outages where line contacts occurred – as opposed to cascading upstream affecting a wider audience
- Install fuses at unprotected laterals between the substation and first set of reclosers.
- Convert single phase to 3 phase to reduce affected areas by 33% (we have about 6 projects in Espanola Valley, added Simmons Lane; **these are the hundred thousand dollar projects**
- Install tie-lines to back feed radial areas and split the customer into two areas. **these are the hundred thousand dollar projects.** For example, tying the Santa Clara feeder to La Mesilla feeder

4YR Const Work Plan has \$3.2 million for sectionalizing and much more for the single phase to three phase and tie lines.





SINGLE  
PHASE



THREE PHASE

### TYPES OF RECLOSERS

The industry has transitioned from the hydraulic reclosers that are sized specifically for one use; 10A, 15A, 25A, 35A, 50A, 70A, & 100A with types L, E, H, 4H, V4H, etc.

Single phase are about **\$4200** each

Three phase cost about **\$35000** each (electronic)

### HUBBLE VERSA TECH II



To a single electronic recloser that can be programmed to the multiple sizes on the left, and UTILIZE multiple response curves;

Refer to Next Page

### S&C TRIPSAVER



## TripSaver II reclosers around the industry



Florida Power & Light has installed 80,000 TripSaver II reclosers over the past 11 years

- 71% reduction in sustained interruptions (SI)
- 93% reduction in customer complaints



Duke has started a deployment of 10,000 devices per year



Georgia Power is installing 4,500 TripSaver II reclosers per year



## Customer Satisfaction

Mitigate momentary and sustained outages despite the weather to improve SAIDI, SAIFI, and MAIFI.

INDUSTRY HAS  
MOVED TO  
ELECTRONIC  
TECHNOLOGY AND  
ABANDONED THE  
HYDRAULIC AND  
FUSE APPLICATION

EACH TRIP SAVER IS  
\$4200

## What is a TripSaver® II Cutout-Mounted Recloser?

### Drop Out Reclosers – “Smart Fuse”

- Positive Reliability Improvement
  - Average Customer interruptions dropped 86% where device was installed over two-year evaluation period
  - 84% reduction in SAIFI
  - 80% reduction in SAIDI
  - 86% reduction in Sustained Interruptions “SI”

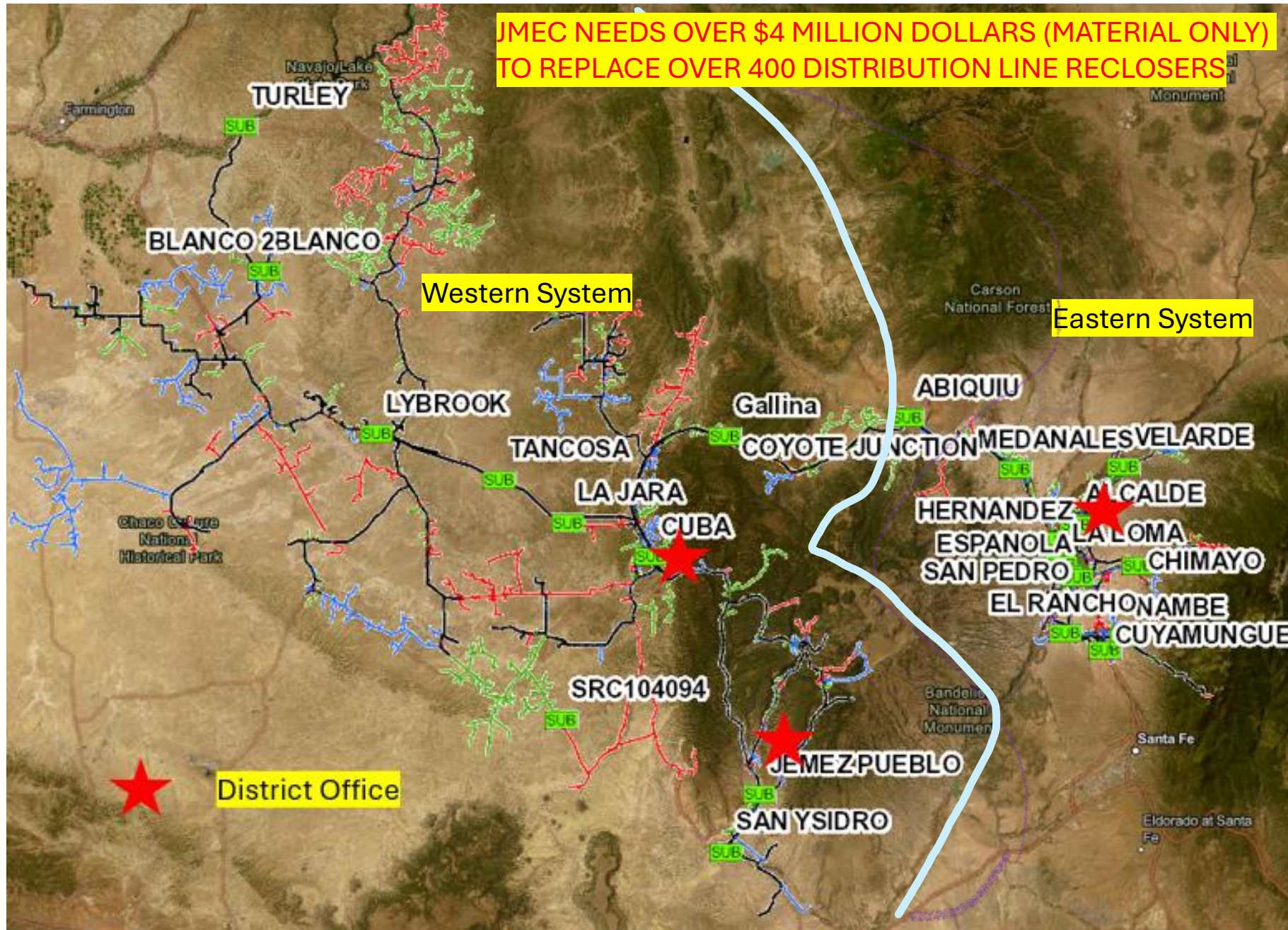
RESULTS



- TripSaver II reclosers replace traditional fuses, making it a **Smart Fuse or DOR** (Drop Out Recloser)
- Single phase distribution line device – mainly residential application
- The TripSaver II recloser saves customers unnecessary outages caused by eliminating temporary faults (squirrels, trees, lightning) while still protecting permanent faults
- Designed to prevent unnecessary trips to the field and the associated operational costs



**JMEC NEEDS OVER \$4 MILLION DOLLARS (MATERIAL ONLY)  
TO REPLACE OVER 400 DISTRIBUTION LINE RECLOSERS**



The JMEC distribution system consist of over 4400 miles of distribution line fed by 16 substations.

The Eastern system powers the Espanola Valley.

The Western system powers the Cuba, Lybrook and Jemez Springs area.

JMEC has over 420 line reclosers and about 50 substation reclosers powering its distribution system continuously.

**If a recloser doesn't stop the initial fault, equipment either burns down and the fault flows upstream until the back up recloser isolates the problem.**

| Substation                 | Feeder                | 1-25L | 3-25L | 1-35L | 3-35L | 1-50L | 3-50L | 1-70L | 3-70L | 1-100L | 3-100L | 1-25 4H | 2-25 4H | 3-25 4H | 1-35 4H | 3-35 4H | 1-50 4H | 3-50 4H | 1-70 4H | 3-70 4H | 3-70V4L | 3-100 4H | 3-100 V4L | ELEC | Totals per Circuit |
|----------------------------|-----------------------|-------|-------|-------|-------|-------|-------|-------|-------|--------|--------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|-----------|------|--------------------|
| La Loma                    | 143 - Hernandez       |       |       |       |       |       |       |       |       |        | 3      |         |         |         |         |         |         | 1       |         |         |         |          |           | 1    | 1                  |
|                            | 145 - Ranchitos       |       |       |       |       |       |       |       |       |        |        |         |         |         |         |         | 1       |         |         |         |         |          |           |      | 4                  |
|                            | 146 - Fairview        |       |       |       |       |       |       |       |       |        |        |         |         |         |         |         |         | 3       | 1       |         |         |          |           | 2    | 6                  |
|                            | 147 - Industrial Park |       |       |       |       |       |       |       |       |        |        |         |         |         |         |         |         |         |         |         |         |          |           |      | 0                  |
| Medanales                  | 101 - Chili           |       |       |       |       |       |       |       |       |        |        | 2       | 3       |         |         |         |         |         |         | 3       |         |          | 3         |      | 11                 |
|                            | 102 - Medanales       |       |       | 1     |       |       |       |       |       |        |        |         |         |         | 1       |         |         |         |         |         |         |          |           |      | 2                  |
|                            | 103 - Abiquiu         |       |       |       |       |       |       |       |       | 3      |        |         |         |         | 1       |         | 2       | 3       |         | 3       |         |          |           |      | 12                 |
| Nambe                      | 111 - AT&T            |       |       |       |       |       |       |       |       |        |        |         |         |         |         |         |         |         |         |         |         |          |           |      | 0                  |
|                            | 113 - Ski Basin       |       |       |       |       | 1     | 3     |       |       |        |        |         |         |         |         |         |         |         |         |         |         |          |           |      | 4                  |
|                            | 114 - Pojoaque        |       |       |       |       |       | 3     |       |       |        |        |         |         |         |         |         |         |         |         |         |         |          |           |      | 3                  |
|                            | 115 - Nambe           |       |       | 4     | 3     | 3     |       | 2     |       |        | 3      |         |         |         | 3       | 3       | 1       |         |         |         |         |          |           |      | 22                 |
| San Pedro                  | 121 - La Mesilla      |       | 3     | 1     |       | 1     |       |       |       |        | 3      |         | 2       | 3       |         |         |         |         |         |         | 3       |          |           |      | 16                 |
|                            | 122 - Sombrillo       | 2     |       | 1     | 3     | 1     |       | 1     | 6     |        |        | 2       |         |         | 1       |         |         |         | 1       |         |         |          |           | 1    | 19                 |
|                            | 124 - Santa Cruz      |       |       |       |       |       | 3     |       | 3     | 1      |        |         |         |         |         |         |         |         |         |         | 3       |          | 3         | 1    | 14                 |
|                            | 125 - Corlett         |       |       |       |       | 2     |       |       |       |        |        |         |         |         |         |         |         |         |         |         |         |          |           | 1    | 3                  |
|                            | 131 - Embudo          |       |       |       |       |       |       |       |       |        |        |         |         |         |         |         |         |         |         |         |         |          |           |      | 0                  |
|                            | 132 - Lyden           |       |       | 1     |       |       |       |       | 3     |        | 3      | 1       |         |         | 2       |         | 1       | 3       |         |         |         |          |           |      | 14                 |
|                            | 134 - Dixon           |       |       |       |       |       |       |       |       |        |        | 3       |         |         |         |         |         | 3       |         |         |         |          |           |      | 6                  |
| Alcalde                    | 22 - San Juan         |       |       |       |       |       | 3     |       |       |        |        |         |         |         | 3       |         | 1       |         | 2       | 3       |         |          |           |      | 15                 |
|                            | 24 - Velarde          | 1     | 3     |       | 3     | 1     |       |       | 3     |        |        | 1       |         |         |         |         | 3       | 3       | 1       |         |         |          |           |      | 19                 |
| Chimayo                    | 31- Truchas           |       |       |       |       | 1     |       |       |       |        |        |         |         |         | 3       | 3       |         |         | 2       |         |         | 3        |           |      | 12                 |
|                            | 32- Cuarteles         |       |       | 1     |       | 1     |       |       |       |        |        | 1       |         |         | 1       |         | 2       |         | 1       | 3       |         |          |           |      | 10                 |
|                            | 33- Santuario         |       |       |       |       |       |       |       | 3     |        |        |         |         |         |         |         |         |         |         |         |         |          |           |      | 3                  |
|                            | 34- La Cuchilla       |       |       |       |       |       |       |       | 3     |        |        |         |         |         |         |         |         |         |         |         |         |          |           |      | 3                  |
| Cuyumungue                 | 162- Nambe South      |       |       |       |       | 1     |       |       |       |        |        |         |         |         |         |         | 2       |         |         |         |         |          |           |      | 3                  |
|                            | 164- Cuyumungue       |       |       |       |       |       |       |       |       |        |        |         |         |         |         |         | 4       |         |         |         |         |          |           |      | 4                  |
| El Rancho                  | 61- El Rancho         |       |       | 1     |       |       |       | 2     |       |        |        |         |         |         |         |         |         |         |         |         |         |          |           |      | 3                  |
|                            | 62- San Ildefonso     |       |       |       |       | 2     | 1     |       |       |        |        | 1       |         |         |         |         | 1       |         |         |         |         | 3        |           |      | 8                  |
|                            | 63- Jaconita          |       |       |       |       |       |       |       |       |        |        |         |         |         |         |         |         | 3       |         |         |         |          |           |      | 3                  |
|                            | 64- High School       |       |       |       |       |       |       |       | 3     |        |        |         |         |         |         |         |         |         |         |         |         |          |           |      | 3                  |
| Espanola                   | 73- San Pedro         | 1     |       |       |       |       |       |       |       |        |        |         |         |         |         |         | 1       |         |         | 3       |         |          |           |      | 5                  |
|                            | 74- Taos Hwy          |       |       |       |       |       |       |       |       |        | 3      |         |         |         |         |         |         |         |         |         |         |          |           |      | 3                  |
|                            | 75- Santa Clara       |       |       | 1     |       |       |       | 1     | 3     |        |        |         |         |         |         |         |         |         |         |         |         |          |           |      | 5                  |
| Sum of each equipment type |                       |       |       |       |       |       |       |       |       |        |        |         |         |         |         |         |         |         |         |         |         |          |           |      | Total Devices      |
|                            |                       | 4     | 6     | 11    | 9     | 14    | 13    | 6     | 27    | 1      | 15     | 12      | 4       | 9       | 15      | 6       | 19      | 18      | 8       | 18      | 3       | 9        | 3         | 6    | 236                |

Note:

Single phase hydraulic reclosers can be replaced with either a Hubble Versa Vac or S&C

Trip saver; each is programmable, electronic device for near the same price.

Three phase electronic recloser is similar to a substation recloser. It is required in

order to achieve tight coordination

2 single phase units installed as single 3 phase unit

COST 1PH

3PH

(230) TOTAL: \$5500 PER UNIT = \$1500 LABOR INSTALL = \$7000, \$1,610,000

CONTROL \$8500 + BREAKER \$36,500 + LABOR INSTALL \$6000

6 X \$51,000 = \$306,000

TOTAL ESPANOLA VALLEY \$1,916,000

1/12/2026



| Substation                 | Feeder             | 1-10E | 1-15E | 3-15E | 1-25E | 3-25E | 1-35E | 3-35E | 1-50 4E | 3-50 E | 1-70 4E | 3-70E | 1-50E | 3-100E | ELEC | Totals per Circuit |
|----------------------------|--------------------|-------|-------|-------|-------|-------|-------|-------|---------|--------|---------|-------|-------|--------|------|--------------------|
| Jemez Pueblo               | 82 - San Ysidro    |       |       |       | 1     | 3     |       |       | 2       |        | 1       | 3     |       |        |      | 10                 |
|                            | 84 - Jemez Springs |       |       |       | 3     | 6     |       | 3     |         | 3      |         |       |       |        |      | 15                 |
|                            | 85 - Ponderosa     |       |       |       | 1     |       |       | 3     |         |        |         |       |       |        |      | 4                  |
| Lybrook                    | 91 - Largo         | 20    | 2     | 3     | 5     |       | 2     | 6     |         | 3      |         |       |       | 3      | 2    | 46                 |
|                            | 92 - Dome          |       | 1     |       |       | 6     |       |       |         | 6      |         |       | 1     | 3      |      | 17                 |
|                            | 93 - Bisti         |       |       |       | 2     | 3     | 2     | 9     |         | 3      |         | 3     |       |        |      | 22                 |
|                            | 94 - Lybrook       |       |       |       |       |       |       |       |         |        |         |       |       |        |      | 0                  |
| Blanco                     | 171- Huerfano      |       |       |       | 3     | 9     | 1     |       |         | 3      |         | 3     | 2     |        |      | 21                 |
| Cuba                       | 41- Jemez          |       |       |       | 1     | 6     | 1     |       |         | 3      |         | 3     |       |        |      | 14                 |
|                            | 42- Warm Springs   |       |       |       | 8     | 3     | 3     |       |         | 3      | 1       | 3     | 2     |        |      | 23                 |
|                            | 44- Gallina        |       |       |       | 14    | 6     | 1     | 3     |         | 6      |         | 3     |       |        |      | 33                 |
| Gallina                    | 181- Coyote        |       |       |       | 5     |       | 1     |       |         |        |         | 3     | 1     |        |      | 10                 |
|                            | 182- Capulin       |       |       |       | 2     |       | 1     |       |         |        |         | 3     | 1     |        |      | 7                  |
|                            |                    |       |       |       |       |       |       |       |         |        |         |       |       |        |      | Total Devices      |
| Sum of each equipment type |                    | 20    | 3     | 3     | 45    | 42    | 12    | 24    | 2       | 30     | 2       | 24    | 7     | 6      | 2    | 222                |

Note: Single phase hydraulic reclosers can be replaced with either a Hubble Versa Vac or S&C

Trip saver; each is programmable, electronic for the same price.

Three phase electronic recloser is similar to a substation recloser. It is required in order to achieve tight coordination

3 single phase units installed on main 3 phase line

COST 1PH (220) TOTAL: \$7160 PER UNIT = \$2000 LABOR INSTALL = \$9160, \$2,015,200

3PH CONTROL \$8500 + BREAKER \$36,500 + LABOR INSTALL \$6000 = \$51,000 EA OR \$102,000

**TOTAL WESTERN SYSTEM \$2,117,200**

# 4 YEAR WORK PLAN PROJECTS



## NAVIGATING RISING COSTS FOR RELIABILITY

key cost drivers and percentage increases since 2020:

### INFRASTRUCTURE

- 50-80%...Utility poles (wood, steel, composite)
- 40-110%...Crossarms & braces (steel/wood)
- 50-80%...Conductor wire (aluminum/copper)
- 80-120%...Transformers
- 50%-100%...Copper wiring
- 20-50%...Smart meters
- 80-100%...Pad-mounted transformers
- 30-60%...Circuit breakers/reclosers



First Challenge – navigate cost

### BUILD-OUTS

- 20-50%...Utility construction labor
- 10-30%...Freight/logistics



### FLEETS

- 20-60%...Light trucks
- 30-60%...Bucket trucks, digger derricks
- 30-50%...Fuel costs (especially diesel)
- 50%...Maintenance
- 50%...Insurance premiums



Source: Estimated data are ranges from member-systems of the Oklahoma Association of Electric Cooperatives.



## 15KV Padmounted switches

- These are the backbone for the primary underground system. The cost have risen from \$25K to \$45K
- Primary cable was under \$3 per foot and now costs \$5.50 per foot
- The larger conductor sizes are have gone from \$5 to \$8.5 per foot or \$25 per foot for 3 phase, plus the \$45K padmount switch, plus the 3 phase transformer.

## TRANSFORMERS

- Single phase transformers < 25KVA were less than \$1K and are now at \$1.9K to \$2.5K
- Padmount transformers up to 25KVA were < \$1.5K are now at \$3K. The 100KVA and 167 KVA are now at \$5.5K to \$7.5K

## 3PH Transformers

- They cost anywhere from \$20K up to \$50K or about 50% less than during covid. During covid, JMEC paid \$280K for (2) 2500KVA transformers to be used for the BOR project. Those transformers are now about half today but still 2 times higher than what they were 8 years ago.

## POLES

- 35 ft – 40 ft. Distribution poles were around \$400 and have now range from \$800. The taller 45 and 50 poles are \$1600 to \$2200.

**A typical primary pole, transformer and service wire used to be about \$2000. Now, the same installation is about \$6000 installed (\$2000 pole, + \$3000 trans + \$1000 wire)**

## **NEW 4-Year Work Plan Project**

- The work plan addresses major infrastructure projects that benefit all customers equally
- There are projects in the Espanola Valley and in Cuba/Jemez Springs

## Replace the Espanola Substation: likely a 2 – 3 million project



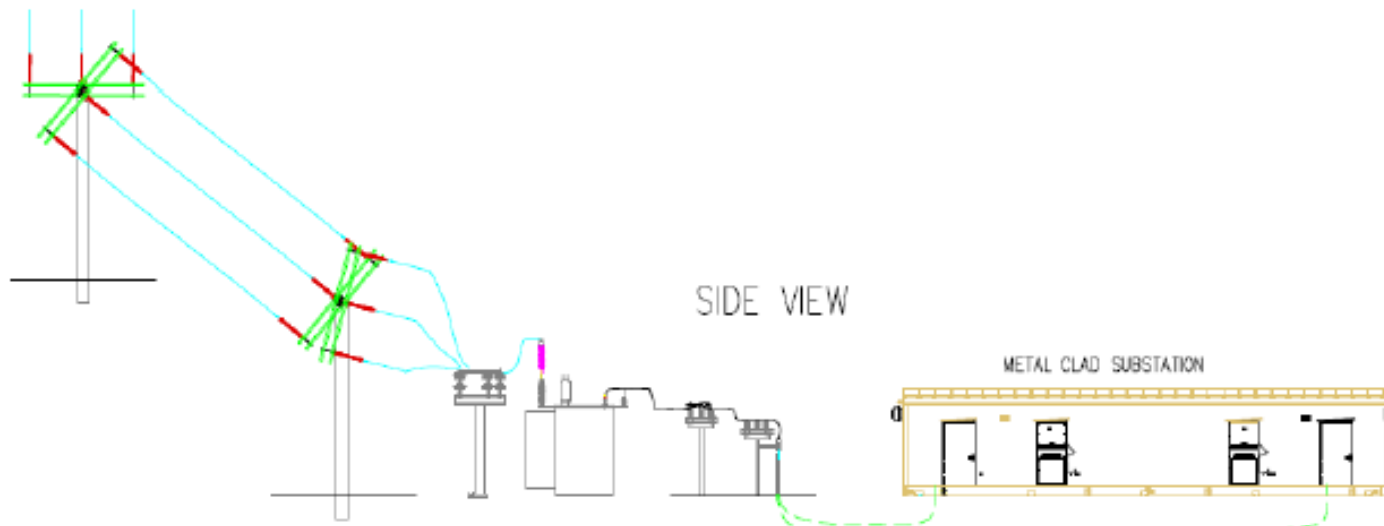
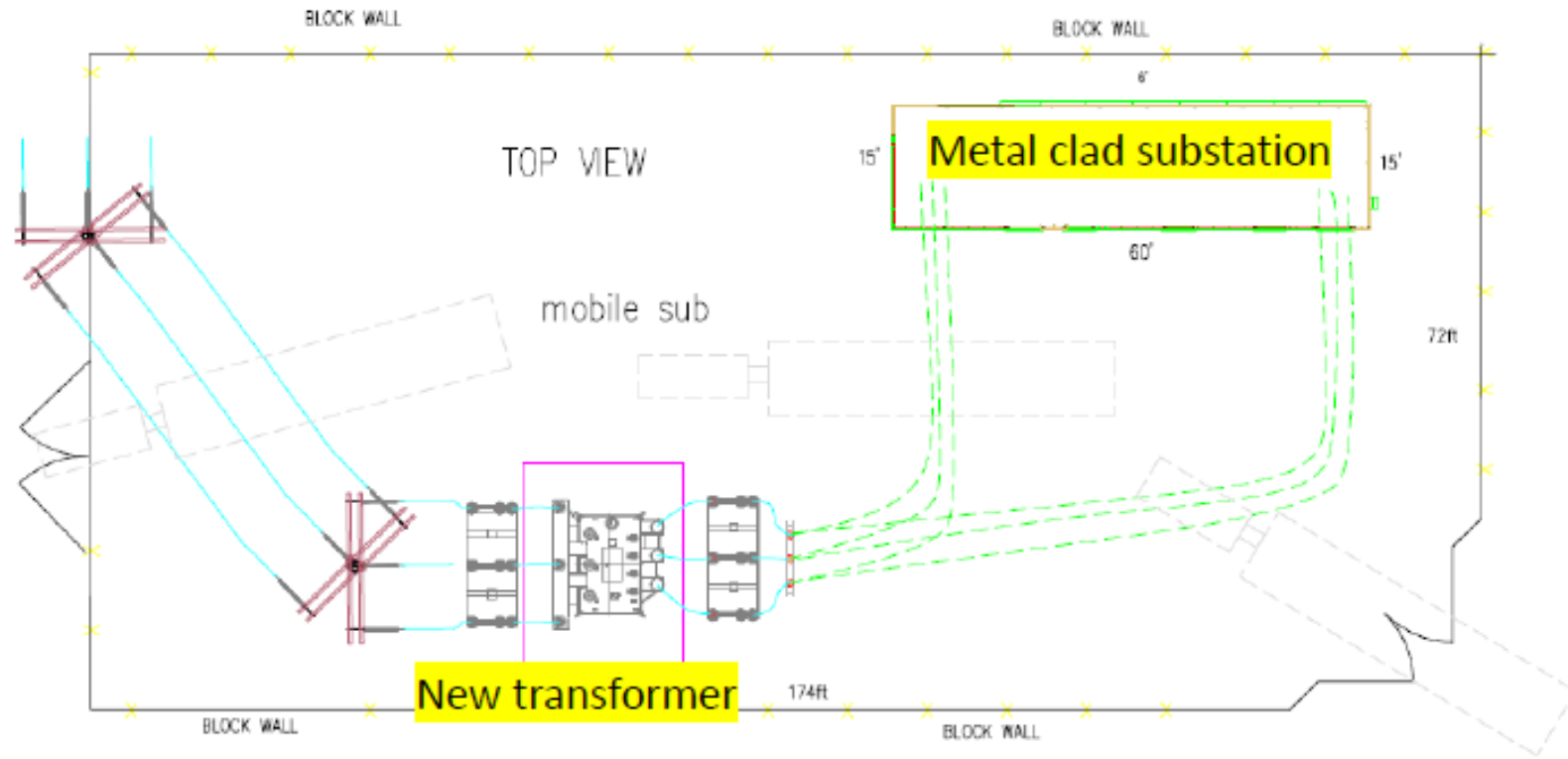
Located inside Cook's mercantile store;  
Espanola sub went down in May and caused a major power outage affecting 4000 customer plus half the commercial district.

Mobile substation used (can't carry the entire load)



Power is presently being served by JMEC's small mobile substation but can only carry 80% of the load.

This substation needs to be replaced.



## ESPANOLA SUBSTATION CONCEPT DESIGN

Due to the May 2026 power outage, JMEC prioritized the replacement of the Espanola Substation.

Negotiations are underway with the property owner to trade lands that are mutually of benefit to both parties.



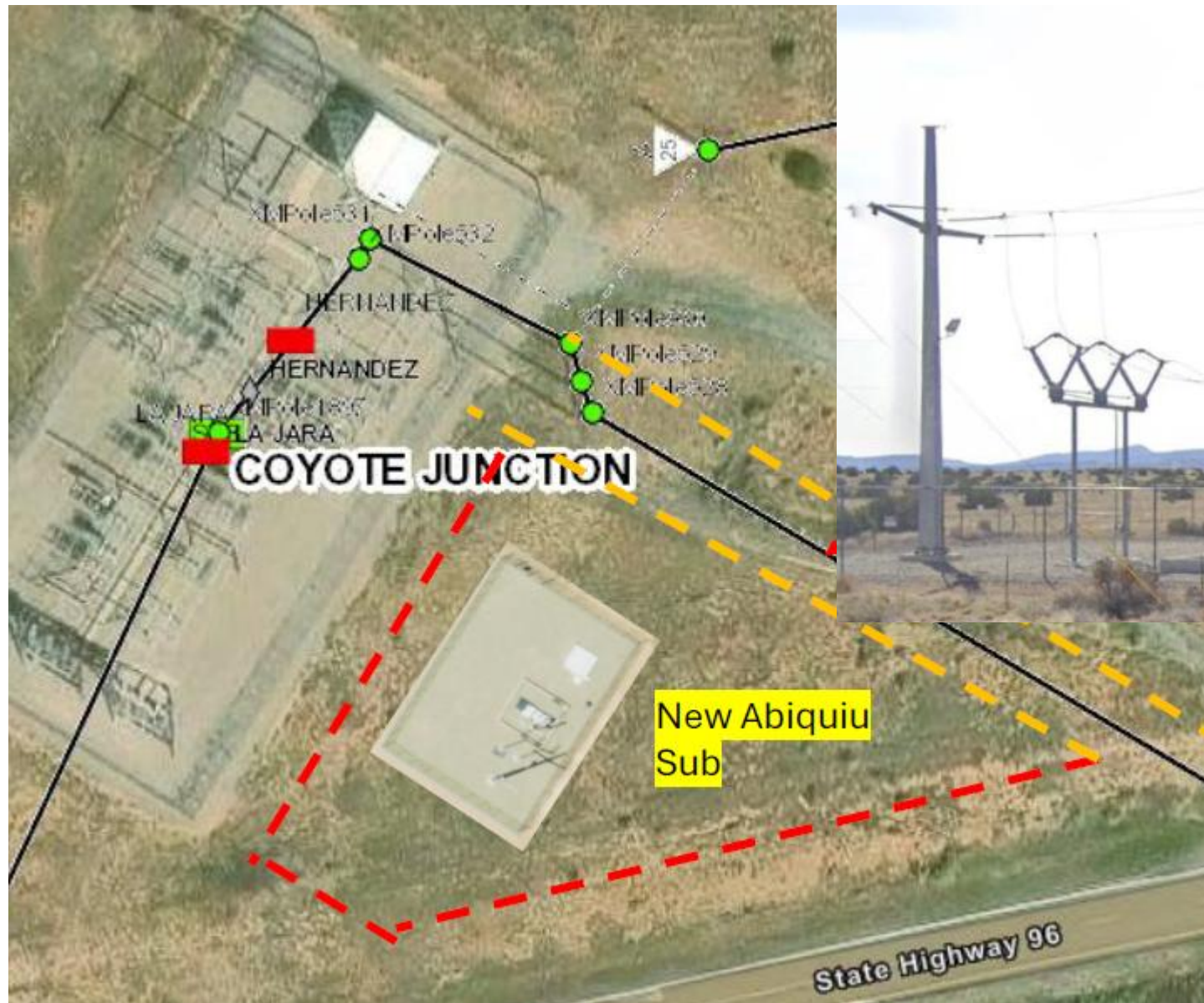
# Replace the 64-year old Abiquiu Substation



Substation constructed out of wood and over 60 years old







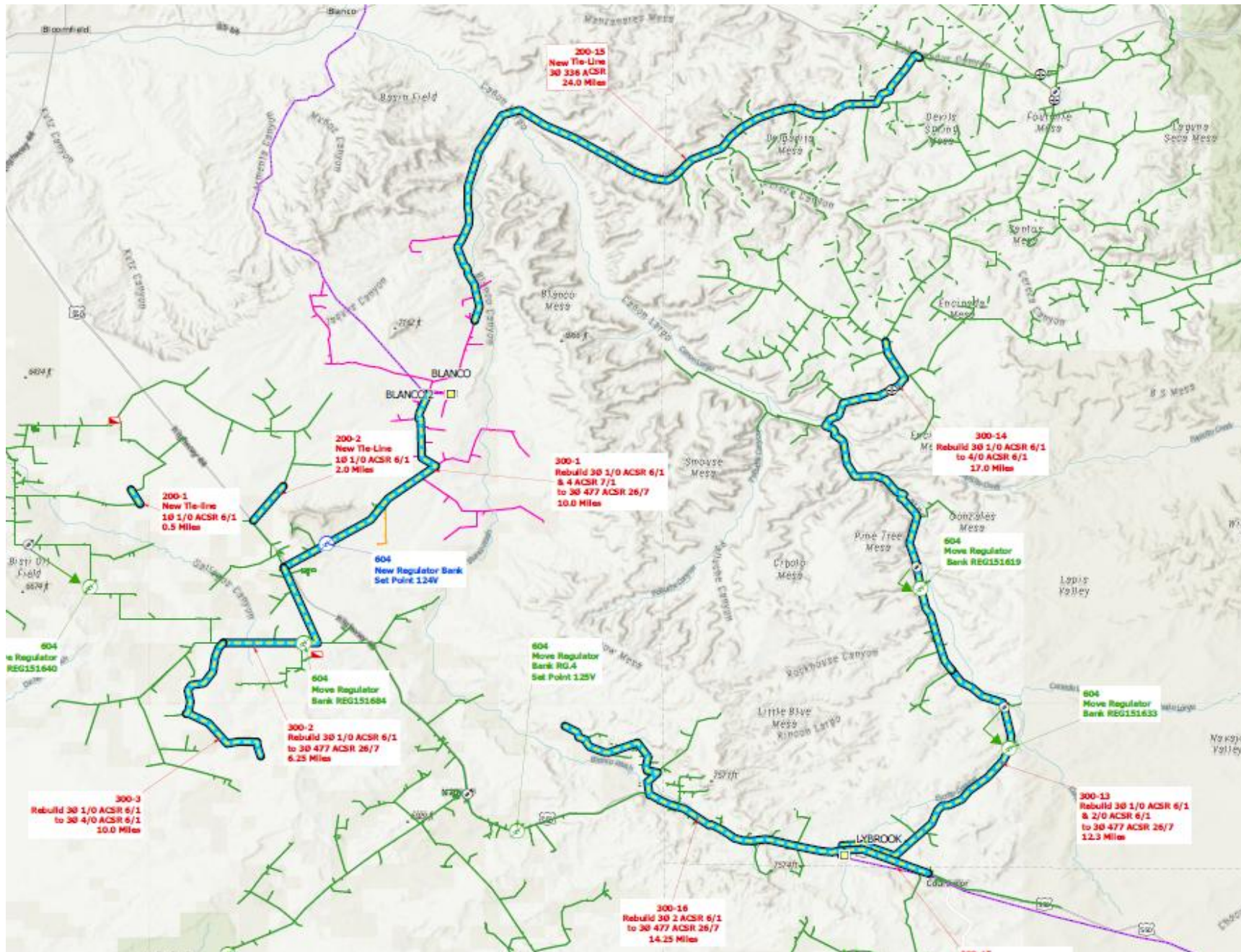
New Abiquiu Sub

New Abiquiu Sub

JMEC is negotiating with the US Army Corp of Engineers to acquire the wedge property adjacent to TriState's Coyote Junction Substation

Then, project can begin. JMEC already purchase the transformer





Complicated, Costly Projects

CUBA SIDE

Solid lines

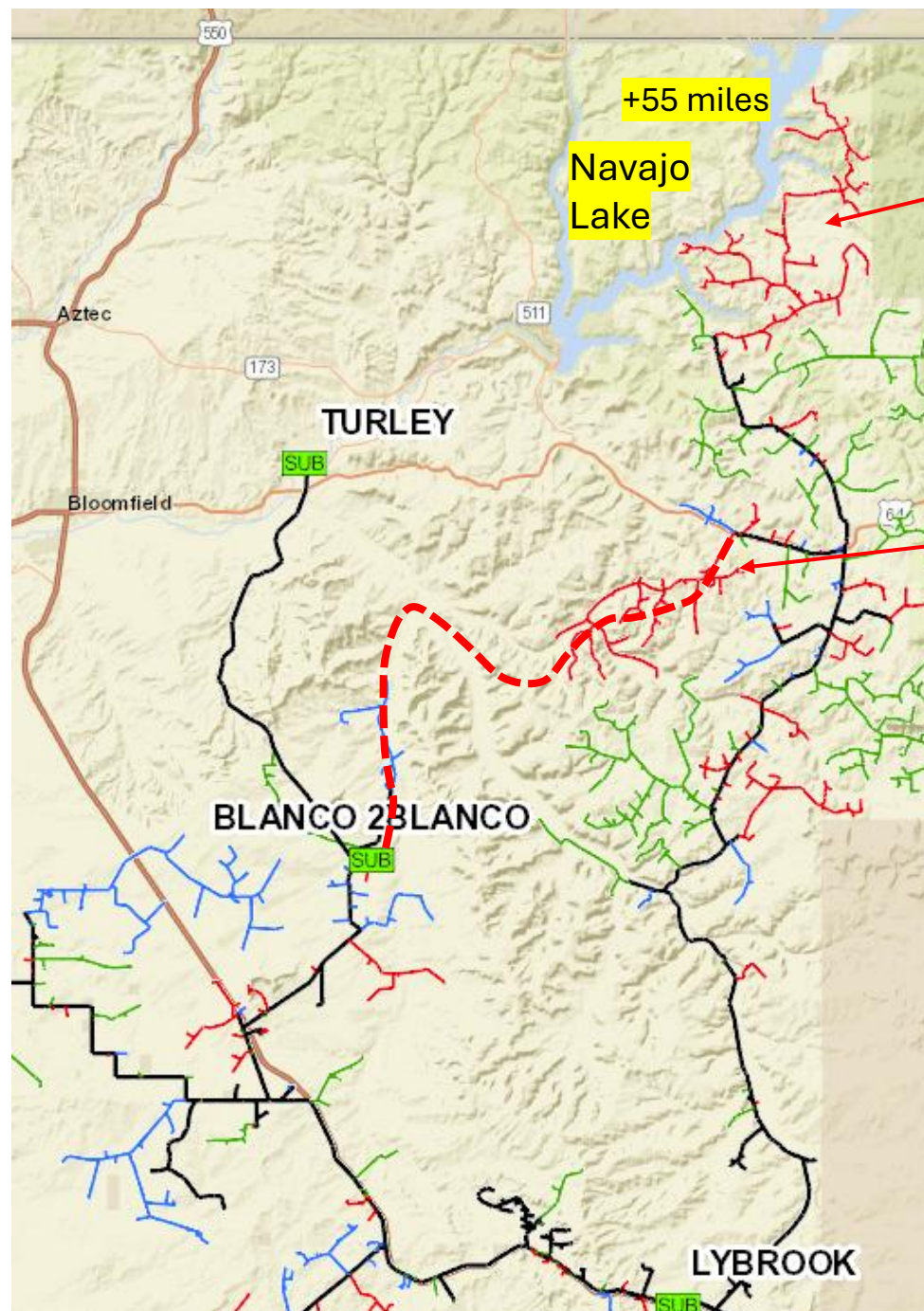
Largo circuit 40 miles

Out of Blanco substation another 20 miles

About 12 million dollars in construction;

Not including the environmental and design, likely another \$2M





+55 miles

Navajo  
Lake

Mule Canyon, issues with loading,  
coordination, spent \$80K to correct

Complicated, Costly Projects

New Tie line  
24 miles – environmental clearance alone  
is costing about \$20K per mile so \$500K

Construction, \$3.4 million

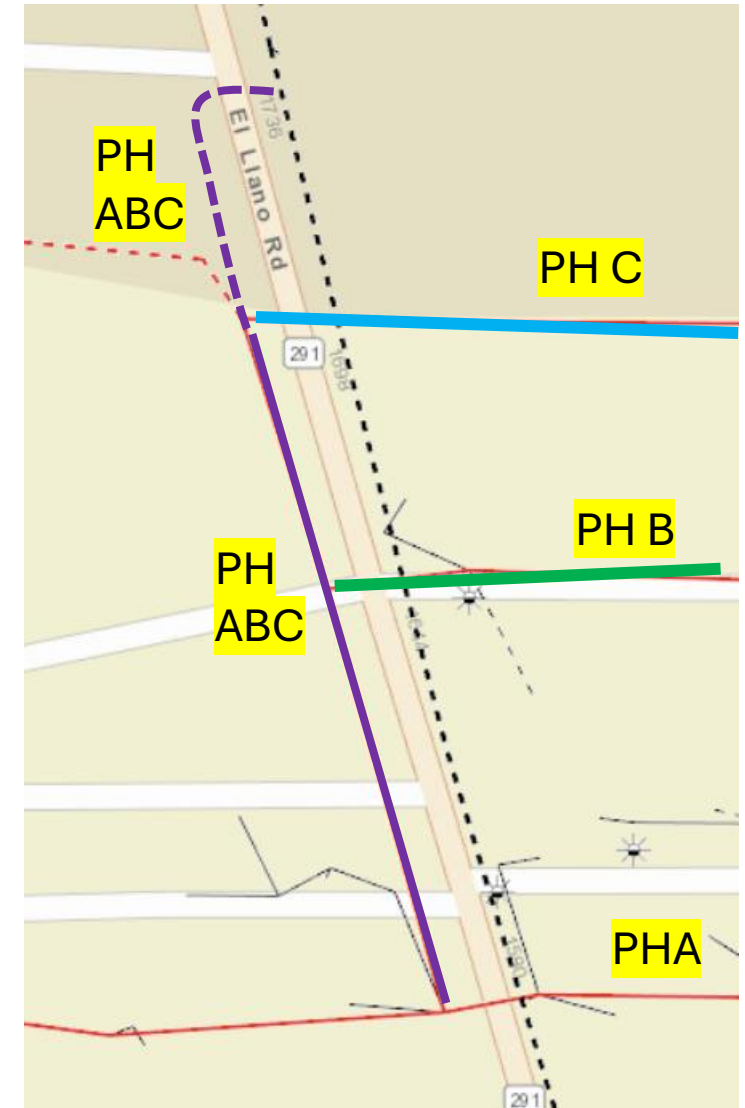
BEFORE- ALL PHASE B  
Santa Cruz to El Llano



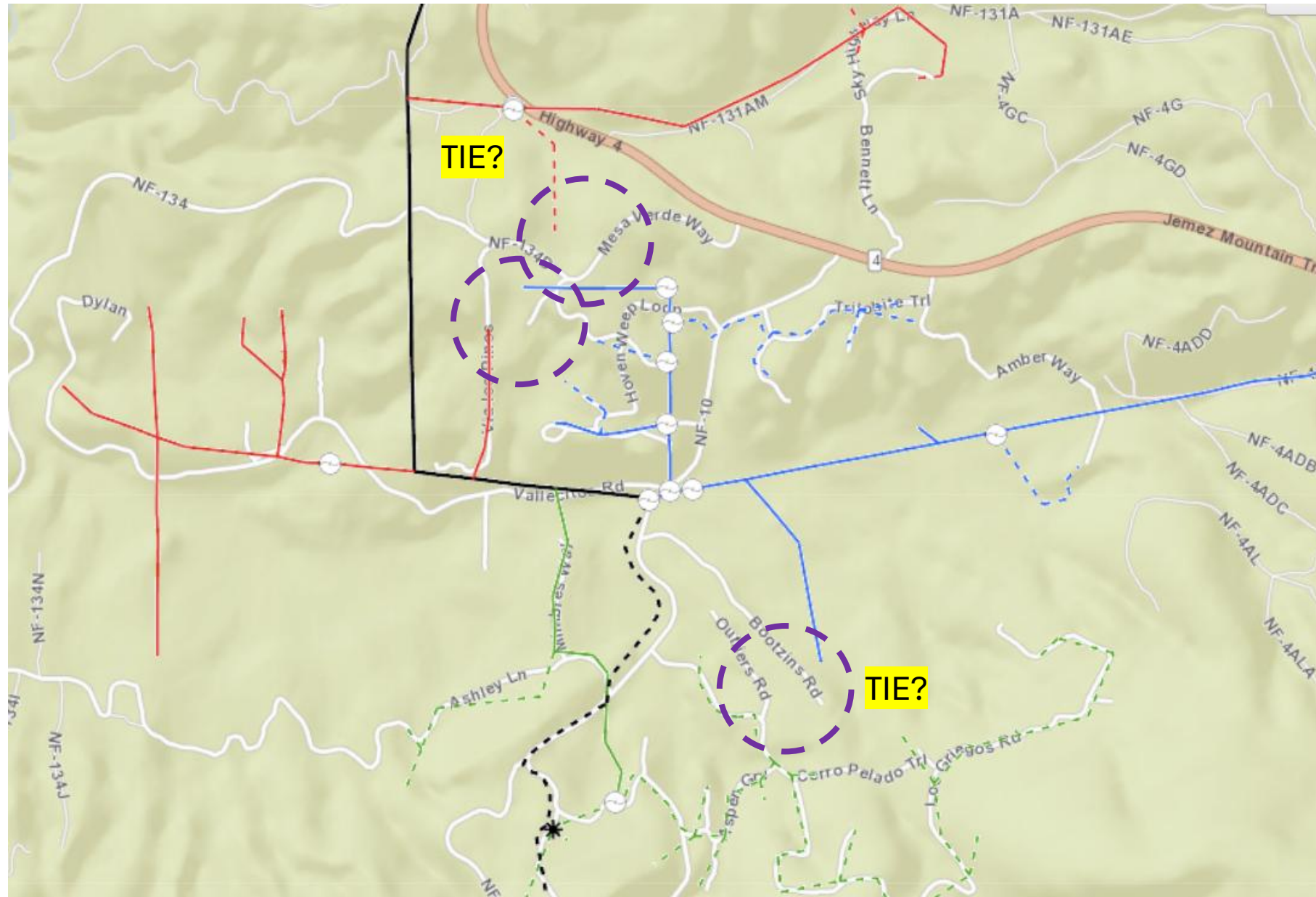
AFTER, 1PH to 3PH to balance load  
and split customers onto 3 phase



AFTER BALANCED







Jemez Springs Side

Smaller jobs to  
Improve reliability but  
Still tens of thousands  
Of dollars

## Another challenge, PV Customers erode JMEC revenue

The Cost of Service which is a study that identifies the fixed costs to operate and maintain the electric utility grid indicates:

- It costs approximately \$42 to serve each residential customer **BEFORE any energy is sold.**
- **The \$42 pays to maintain what we just discussed:** 180 miles of transmission lines, 16 substations, 4400 miles of distribution line, \$3 million in tree trimming, etc.
- The customer charge is \$22 and is proposed to increase to \$26, Phase 1, then \$30 for Phase 2.

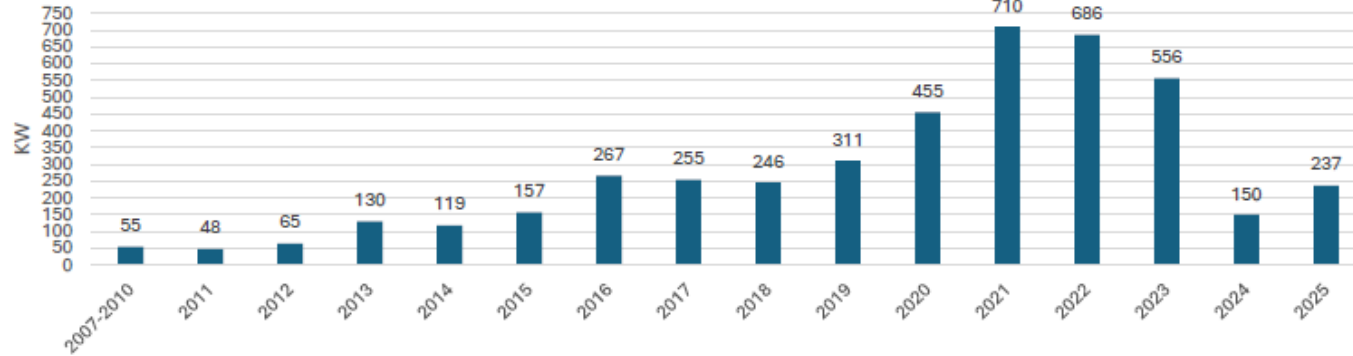
PV customers currently pay \$27 per month and ability to use the electric distribution grid for free because PV customers can off-set all KWH energy costs.

If a PV customer only pays \$27 per month, on average, JMEC loses \$15 per month per PV customer.

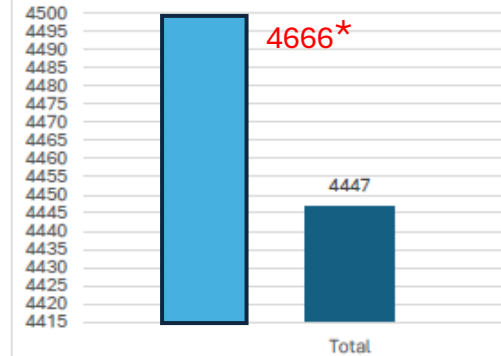
NO DOUBT, there are many benefits PV customers produce, **but those benefits end up on the generation and transmission side.**

JMEC is a distribution utility which means it gets little benefit from PV customers. In summary, the Net Meter model doesn't bode well for distribution utilities but its law.

Yearly PV KW Connected (07-25)



Total PV Connected (KW)



PV Accounts:  
713 with 4666 KW and  
growing exponentially.

Offset 3993 MWH or  
about **\$1.2 million**  
**annually**

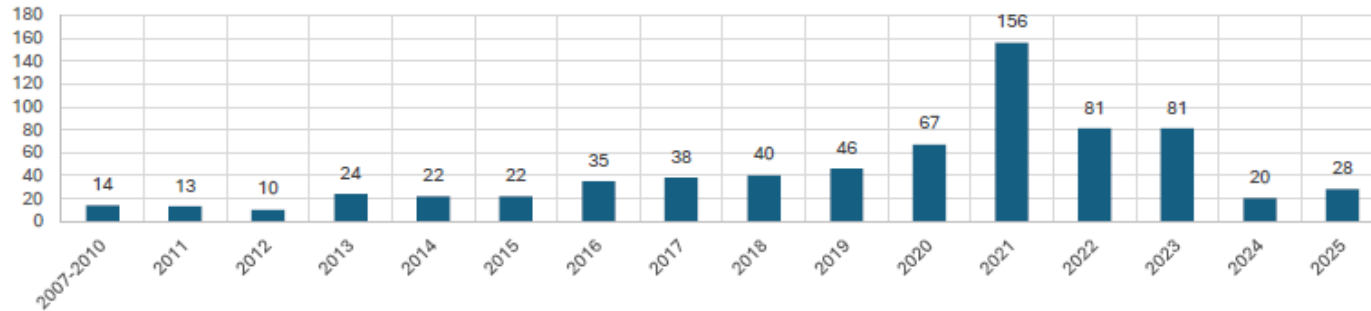
It costs approximately  
\$42 to service each  
residential customer  
BEFORE JMEC sells 1  
KWH of electricity.

The facilities charge for  
solar is \$22 + \$5 or \$27.  
The extra \$15 would  
normally be recouped  
through the energy sales,  
**which JMEC is not**  
**recouping.**

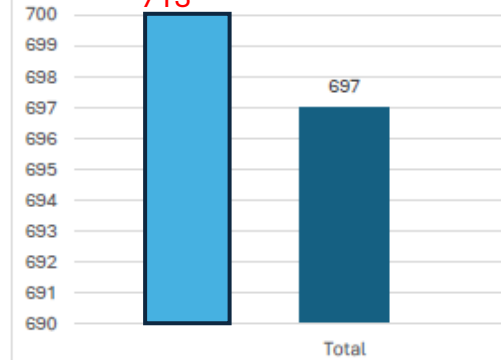
**PV benefits flow to the  
G&T with little benefits  
to the distribution  
system.**

# PV Accounts (07-25)

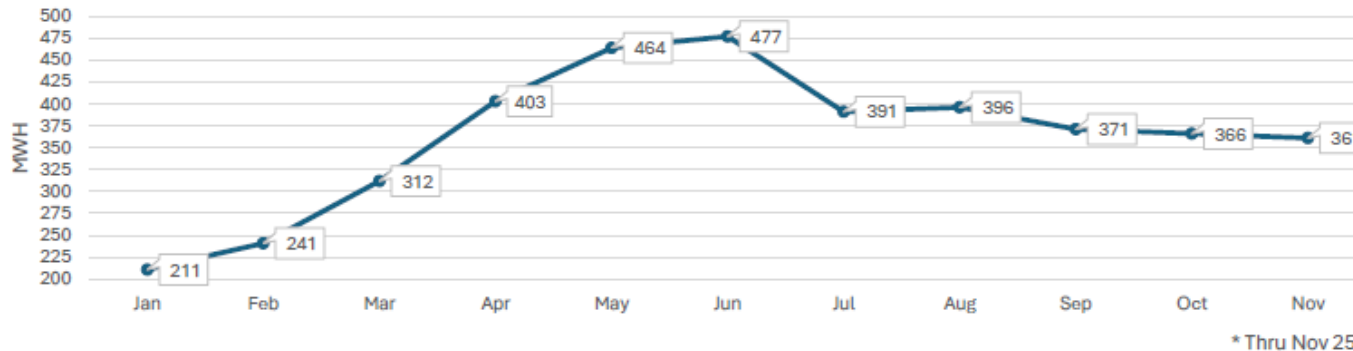
\* Thru Nov 25'



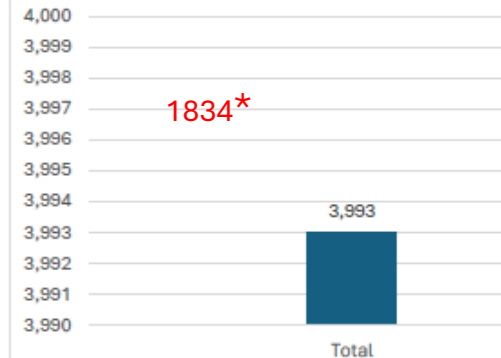
Total PV Accounts



PV Produced 2025

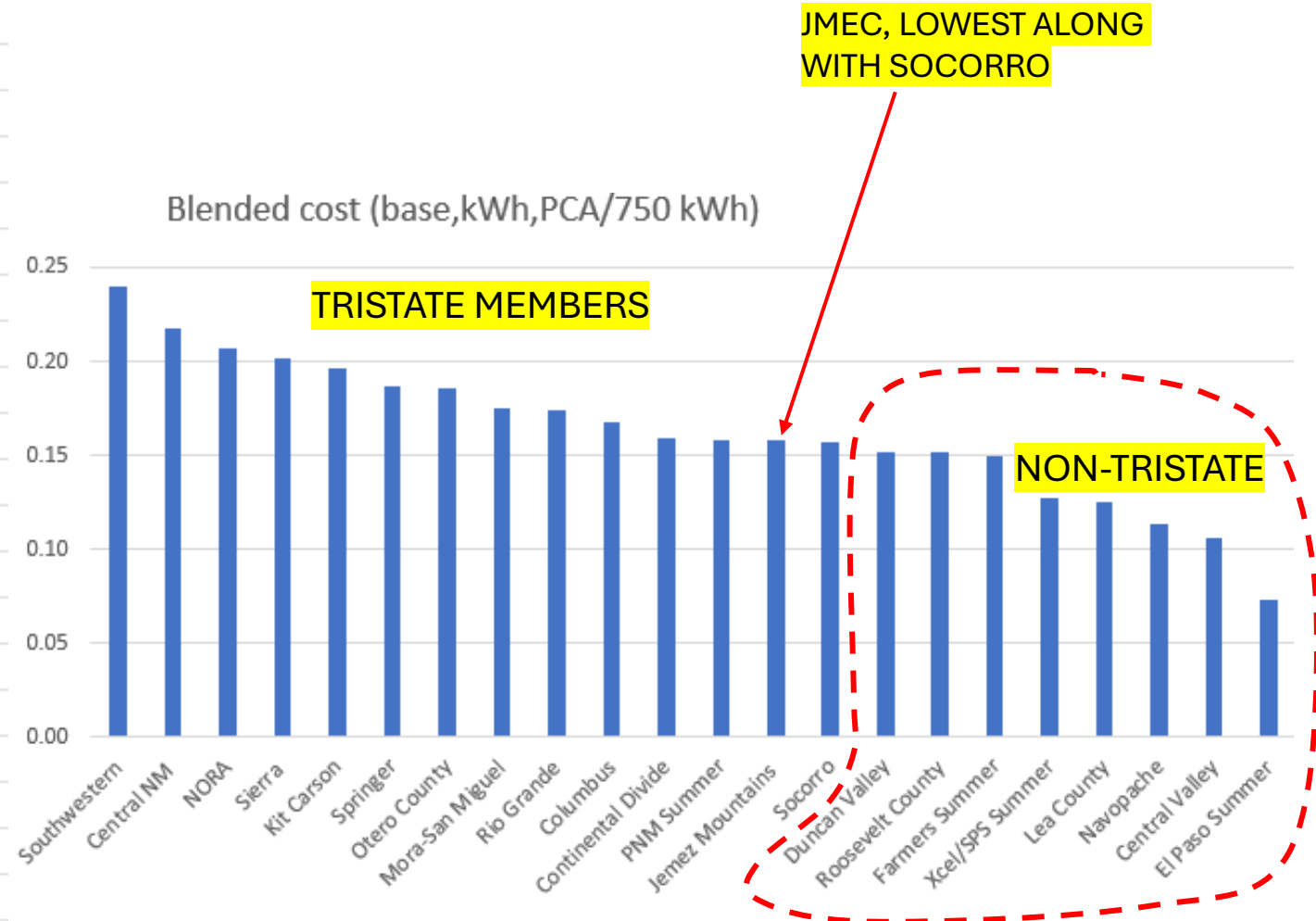


Total MWH Produced 2025



\* THRU MAY 2026

| Electric Utility Rate Comparison | Blended cost<br>(base, kWh,<br>PCA/750 kWh) |
|----------------------------------|---------------------------------------------|
| Southwestern                     | 0.24                                        |
| Central NM                       | 0.22                                        |
| NORA                             | 0.21                                        |
| Sierra                           | 0.20                                        |
| Kit Carson                       | 0.20                                        |
| Springer                         | 0.19                                        |
| Otero County                     | 0.19                                        |
| Mora-San Miguel                  | 0.17                                        |
| Rio Grande                       | 0.17                                        |
| Columbus                         | 0.17                                        |
| Continental Divide               | 0.16                                        |
| PNM Summer                       | 0.16                                        |
| Jemez Mountains                  | 0.16                                        |
| Socorro                          | 0.16                                        |
| Duncan Valley                    | 0.15                                        |
| Roosevelt County                 | 0.15                                        |
| Farmers Summer                   | 0.15                                        |
| Xcel/SPS Summer                  | 0.13                                        |
| Lea County                       | 0.13                                        |
| Navopache                        | 0.11                                        |
| Central Valley                   | 0.11                                        |
| El Paso Summer                   | 0.07                                        |





## What this all means

|                                                        |            | Proposed   | Proposed   |
|--------------------------------------------------------|------------|------------|------------|
|                                                        | Present    | Rate       | Rate       |
|                                                        | Rate       | Year 1     | Year 3     |
| <b>Rate 1 - Residential Service - 28,113 Consumers</b> |            |            |            |
| Facility Charges:                                      |            |            |            |
| Standard Service                                       | \$ 22.00   | \$ 26.00   | \$ 30.00   |
| Net Metering (Additional)                              | \$ 5.00    | \$ 5.00    | \$ 5.00    |
| Energy Charges:                                        |            |            |            |
| First 700 kWh                                          | \$0.104754 | \$0.144650 | \$0.169900 |
| Over 700 kWh                                           | \$0.114754 | \$0.154650 | \$0.179900 |

Jemez Mountains Electric Cooperative, Inc. (JMEC) will file the proposed rate schedules under Advice Notice No. 149 on or around August 1, 2026 with the New Mexico Public Regulation Commission (NMPRC). JMEC is requesting an increase of \$7,233,261 or 11.18%. The proposed rate changes will affect all rate classes currently billed by JMEC and is planned to be phased in over a 3-year period. Phase 1 of the plan will increase overall revenues by 6.64%. Phase 2 of the plan will increase overall revenues by an additional 3.86% over Phase 1 Revenues. This rate adjustment is based upon a detailed analysis of the cost to provide electric service and improve system reliability. The adjustment is necessary to operate and maintain the electric system in a world of rising costs for both materials and labor. Without the proposed rate adjustments, the Cooperative will not be able to maintain the financial conditions required to meet the obligations of its lenders.

Jemez Mountains ECI  
Retail Rate Comparison  
Residential Service  
Phase 1

| Usage<br>Level | Present<br>Residential |           | Proposed<br>Residential |           | Difference |         |
|----------------|------------------------|-----------|-------------------------|-----------|------------|---------|
|                | Amount                 | Per kWh   | Amount                  | Per kWh   | Amount     | Percent |
|                | (b)                    | (c)       | (d)                     | (e)       | (f)        | (g)     |
| -              | \$ 22.00               | \$ -      | \$ 26.00                | \$ -      | \$ 4.00    | 18.18%  |
| 250            | \$ 56.52               | \$ 0.2261 | \$ 62.16                | \$ 0.2487 | \$ 5.65    | 9.99%   |
| 555            | \$ 98.63               | \$ 0.1777 | \$ 106.28               | \$ 0.1915 | \$ 7.66    | 7.76%   |
| 750            | \$ 126.05              | \$ 0.1681 | \$ 134.99               | \$ 0.1800 | \$ 8.94    | 7.09%   |
| 1,000          | \$ 163.06              | \$ 0.1631 | \$ 173.65               | \$ 0.1737 | \$ 10.59   | 6.49%   |
| 1,500          | \$ 237.10              | \$ 0.1581 | \$ 250.98               | \$ 0.1673 | \$ 13.88   | 5.85%   |
| 2,000          | \$ 311.13              | \$ 0.1556 | \$ 328.30               | \$ 0.1642 | \$ 17.17   | 5.52%   |
| 5,000          | \$ 755.32              | \$ 0.1511 | \$ 792.25               | \$ 0.1585 | \$ 36.93   | 4.89%   |

:1> Present rates include \$0.02725 per kWh for FFPCAC and \$0.00606 per kWh for DCA.

:2> Proposed rates include \$0.000000 per kWh for FFPCAC and \$0.00000 per kWh for DCA.

Jemez Mountains ECI  
Retail Rate Comparison  
Residential Service  
Phase 2

| Usage<br>Level | Phase 1<br>Residential |           | Proposed<br>Residential |           | Difference |         |
|----------------|------------------------|-----------|-------------------------|-----------|------------|---------|
|                | Amount                 | Per kWh   | Amount                  | Per kWh   | Amount     | Percent |
|                | (b)                    | (c)       | (d)                     | (e)       | (f)        | (g)     |
| -              | \$ 26.00               | \$ -      | \$ 30.00                | \$ -      | \$ 4.00    | 15.38%  |
| 250            | \$ 66.94               | \$ 0.2678 | \$ 72.48                | \$ 0.2899 | \$ 5.54    | 8.27%   |
| 555            | \$ 116.89              | \$ 0.2106 | \$ 124.29               | \$ 0.2240 | \$ 7.41    | 6.34%   |
| 750            | \$ 149.32              | \$ 0.1991 | \$ 157.93               | \$ 0.2106 | \$ 8.61    | 5.76%   |
| 1,000          | \$ 192.76              | \$ 0.1928 | \$ 202.90               | \$ 0.2029 | \$ 10.14   | 5.26%   |
| 1,500          | \$ 279.64              | \$ 0.1864 | \$ 292.85               | \$ 0.1952 | \$ 13.21   | 4.72%   |
| 2,000          | \$ 366.52              | \$ 0.1833 | \$ 382.80               | \$ 0.1914 | \$ 16.28   | 4.44%   |
| 5,000          | \$ 887.80              | \$ 0.1776 | \$ 922.50               | \$ 0.1845 | \$ 34.70   | 3.91%   |

<1> Present rates include \$0.01507 per kWh for FFPCAC and \$0.00402 per kWh for DCA.

<2> Proposed rates include \$0.000000 per kWh for FFPCAC and \$0.00000 per kWh for DCA.