

THE REGULAR MEETING OF THE BOARD OF DIRECTORS OF WELLS RURAL ELECTRIC COMPANY

MARCH 21, 1986

The regular meeting of the board of directors of Wells Rural Electric Company was held in Wendover, Nevada at the Stateline Casino and called to order on March 21, 1986 at 9:00 a.m.(MST). The meeting was presided over by President Vernon Dalton.

Directors present were Larry Bradshaw, Ferris Brough, Ray Crawford, Vernon Dalton, Vernon Scott, Leslie Sharp, Claudia Wines and Mary Wright. Wanda Borden and Lois Nannini were not present.

Present from the staff were Dan Kessler, Paul Johnson, Warren Linnell, Terri Seal, and Diane Griswold.

APPROVAL OF THE MINUTES:

The minutes of the regular meeting held February 21, 1986 will stand approved as written.

ADDITIONS TO THE AGENDA:

Dan Kessler asked that Line Extension Agreements, the report about the N.R.E.C.A.

Meeting held in Las Vegas, and The Annual Meeting be added to be discussed.

As there were no objections, these items were added to the agenda.

REPORTS ON MEMBER CONTACTS:

Both board and staff members reported on contacts they had made with consumers. Both negative and positive comments were thoroughly discussed. It was asked that a monthly report of member-owner comments be added to the agenda each month.

LEAKAGE REPORT:

Vernon Dalton suggested that WREC work with the county wide and individual city economic authorities to enhance economic development within our service area. The board asked the staff and the area development committee to research the cost of providing individual economic leakage studies for the towns of Wells, Oasis, Wendover, and Carlin.

REA FORM 7 AND KEY RATIO'S/TREND ANALYSIS:

Dan Kessler made a presentation to the board on the year end 1985 REA Form 7.

Also distributed to the board were copies of graphs and charts concerning Key Ratio's and Trend Analysis from 1977 to 1985.

EDUCATIONAL COURSES:

It was suggested that a list of seminars and courses be compiled by the staff for further education and understanding of the financial and policy matters concerning the company for board members.

A short break was called at 11:20 a.m. (MST).

Called back to order at 11:35 a.m. (MST).

NEW OFFICE BUILDING:

Dan Kessler reported that Bob Hope was here this week to inspect the new office building progress. He said he was very impressed with the progress and with the quality of work the sub-contractors had done.

It is estimated that the building may be completed Mid-May to the first of June.

MANAGER'S REPORT:

Telecommunications:

Dan Kessler reported on the information he received from the Rural Telecommunications Council at the N.R.E.C.A. Annual Meeting in Las Vegas. A random survey and feasibility study will be compiled by the staff and findings presented to the board at a later date.

CFC Short-term Line of Credit:

The CFC Short-Term Line of Credit discussion was deferred until the April meeting.

N.R.E.C.A. Legislative Rally:

Dan Kessler informed the board of the N.R.E.C.A. Legislative Rally to be held in Washington, D.C. on May 4th thru May 6th. Vernon Dalton and Vernon Scott expressed an interest in attending.

Mark Gless:

Dan Kessler informed the board that he had been contacted by Mark Gless concerning a Joint legislative reception of the Western States Congressional Delegation on the evening of May 6th, the cost would be approximately \$50.00. It was the consensus of the board not to participate.

Policy 7-2:

A copy of a letter from Bob Vaughan was handed out to the board members regarding the proposed vacation - sick leave policy 7-2 . Bob Vaughan found no problems with the recommendations listed.

After a thorough discussion, DARYL ERIKSEN MADE THE MOTION TO ACCEPT THE CHANGES ON POLICY 7-2 AS PRESENTED. FERRIS BROUGH SECONDED, MOTION PASSED UNANIMOUSLY. (A copy of the changes are attached to the minutes).

Take-overs and Sellouts Seminar:

Dan Kessler informed the board of a seminar to be held in Denver, Colorado on Take-overs and Sellouts. He feels it would be beneficial to attend. The next board meeting is scheduled for April 18, it was suggested that the next meeting As there were no objections, the meeting will date be forwarded to April 25th. be held on April 25th.

ICPA:

Intermountain Consumer Power Association (ICPA) who represents 47 consumer-owned utilities in Utah has approached us about Joining their organization. Membership fees would be \$50.00 annually.

A MOTION WAS MADE BY VERNON SCOTT TO ACCEPT MEMBERSHIP IN THE ICPA ORGANIZATION, IN THE AMOUNT OF \$50.00 ANNUALLY, SECONDED BY LARRY BRADSHAW; MOTION PASSED UNANIMOUSLY.

Little Britches Head Start:

Little Britches Head Start organization has approached WREC for a donation to aid them in continuing their program. It was suggested that more information was needed before a decision could be made.

Ruralite Safety Services:

The next matter to come before the meeting concerned endorsing the Ruralite Safety Program provided by Ruralite Services. WREC feels that it is an excellent safety program and should be supported. After a thorough discussion, IT WAS MOVED BY DIRECTOR VERNON SCOTT SECONDED BY CLAUDIA WINES, AND PASSED UNANIMOUSLY AS FOLLOWS: Exhibit I

WHEREAS, Ruralite Services is providing valuable safety training for employees of its affiliated electric utilities, and

WHEREAS, the Board of Directors and Staff of Wells Rural Electric Company recognizes that adequate safety training promotes improved employee morale and productivity, reduces insurance premiums, reduces power outage time, and thus helps reduce energy rates, and

WHEREAS, the Board of Directors of Wells Rural Electric Company has now reviewed its comprehensive budget and work Plan and has observed the minuscule portion of that budget that is dedicated to Ruralite Services for that service, and

WHEREAS, the Board of Directors of Wells Rural Electric Company recognize that deficit budgeting of the Safety Programs at Ruralite Services may jeopardize the continued safety training excellence presently being provided,

NOW, THEREFORE, BE IT RESOLVED, that Wells Rural Electric Company does hereby commend Ruralite Services for their Contribution to the demanding need for complete and comprehensive safety training and consultation to their affiliated clients, and

FURTHER, BE IT RESOLVED, that all members of Ruralite Services be encouraged to fully evaluate the benefits provided and the true end cost should this service be diminished or lost by lack of proper and justified support, and

FURTHER, BE IT RESOLVED, that Management be instructed to send a copy of this resolution to Ruralite Services as a firm commitment to its continuing support by Wells Rural Electric Company.

N.R.E.C.A. Annual Meeting Recap:

Reports were heard from staff and board members that attended the N.R.E.C.A. Annual Meeting in Las Vegas. It was the consensus of everyone that attended that it was both beneficial and informative.

Hostile Takeovers:

Hostile Takeovers were discussed. Vernon Dalton explained the ramifications of investor-owned utilities taking over member-owned utilities, such as rate increases, possibility of discontinuing

service to the rural areas, and loss of control by the members.

Meter Readings:

It was suggested by Mary Wright that the staff look into the possibility of hiring retired people to read meters.

John Neff:

John Neff would like to be added to the agenda in April regarding his grain operation. As there were no objections, he will be added to the April agenda.

Incentive Program:

A copy of the incentive program report was presented to the board. Dan Kessler explained the benefits of the incentive program.

Power Engineers Proposal for Loss Study:

It was requested at the February board meeting to obtain information from Power Engineers on a Loss Study for Wells Rural Electric. The information was relayed back to the board by Dan Kessler. The total cost for the complete loss study would be between \$7,764.00 and \$10,880.00.

Auditors:

Jay Smith of Ernst & Whinney Auditors will be attending the April meeting to give the year end audit report. A report will be sent to the board members to review before the April Board Meeting.

Carlin Signs:

Carlin asked for a donation to put up two (2) advertising signs for the City of Carlin. FERRIS BROUGH MADE THE MOTION TO DONATE POLES AND ASSIST IN INSTALLING THE POLES FOR THE SIGNS, SECONDED BY RAY CRAWFORD. MOTION PASSED UNANIMOUSLY.

Employee Assistance Program:

The national trend toward employee assistance programs for substance abuse was thoroughly discussed. It was suggested that the staff be aware of this trend and if the need arose then a substance abuse policy could be written and adopted.

Jim Copenhaver:

A letter was received from Jim Copenhaver thanking the board for their assistance in sending him to the legal seminar in Las Vegas.

Financing Rural Consumers:

A report will be given at the next board meeting on the possibility of WREC or perhaps someone else financing line extensions to rural areas.

Lunch break was called at 1:20 (MST).

Called back to order at 2:20 (MST).

LINE EXTENSION POLICY:

Warren Linnell made a presentation to the board concerning the line extension policy. The new construction allowances based on year end 1985 form 7 figures per rule 9 was thoroughly discussed with board members for all types of line extensions. These allowances will be in effect for the coming fiscal year.

OUTAGE REPORT:

It was reported by Vernon Scott that there was some dimming on the Carlin line for approximately four hours. Leslie Sharp also reported some bumping on the Ruby Valley line. Warren Linnell stated he would check into the matter.

MEMBER SERVICES REPORT:

Irrigator's Workshop:

Dan Kessler complimented Paul Johnson for a job well done on the Irrigator's Workshop held March 11, 1986. Approximately 30 people attended. The program was beneficial and appreciated by all present.

Employee Meetings:

It was expressed by some board members that they would like to be informed of employee meetings so that they may attend. Paul Johnson informed the board that he would send out invitations for future meetings.

Super Good Cents Workshop:

The Super Good Cents Workshop will take place at the Ranch House in Wells on April 7th, 8th, & 9th. This workshop is open to the public. The workshop is sponsored by BPA and WREC.

Member Contacts:

Between February 10th and March 7th the following number of member contacts have been made: Residential - 51, Commercial - 8.

Annual Meeting Update:

Paul Johnson updated the board on the progress of the Annual Meeting. This years Annual Meeting will be held at the Wells High School with displays opening at 12:00 (noon), meeting to commence at 2:00 p.m. and the meal to be served at approximately 3:00 p.m.. The guest speaker this year will be Mr. David Hamil, past REA Administrator. He was the Administrator when Wells Rural Electric was being formed.

NEW MEMBERSHIPS:

VERNON SCOTT MADE THE MOTION TO ACCEPT 90 NEW MEMBERS: 10 IN WELLS, 2 IN CARLIN, 45 IN WENDOVER, NEVADA, AND 33 IN WENDOVER, UTAH. LARRY BRADSHAW SECONDED.

MOTION PASSED UNANIMOUSLY.

MEETING ADJOURNED AT 3:25 (MST).

D. Vernon Dalton, President

Wanda Borden, Secretary